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ADAM SMITH

BY
HECTOR : C
MACPHERSON

FAMOUS
SCOTS:
SERIES



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The designs and ornaments of this volume are by Mr. Joseph Brown, and the printing from the press of Messrs. T. and A. Constable, Edinburgh.

TO
WILLIAM M'EWAN, Esq., M.P.
WHOSE RARE INTELLECTUAL GIFTS
ARE KNOWN ONLY TO THOSE WHO, LIKE
THE AUTHOR,
HAVE ENJOYED THE PRIVILEGE OF
HIS FRIENDSHIP,
BEEN STIMULATED BY
HIS FRUITFUL MIND,
AND EXPERIENCED THE CHARM OF
HIS POWERFUL PERSONALITY

PREFACE

It is hastily assumed in some quarters that Adam Smith as an economic thinker has become antiquated. This book is the outcome of a desire, long entertained, to show the vitality of the principles which underlie Smith's great work, and to trace their relation to the fruitful generalisations associated with the Evolution theory. The reader will notice how profoundly I have been influenced by two thinkers—Spencer and Bastiat. If this book should send the student to these master minds, I shall have ample reward. The reward will be enhanced in value should this volume whet the appetite of the reader for the biographical feast so liberally supplied by Mr. John Rae in his admirable *Life of Adam Smith*.

H. C. M.

JOHNSBURN, BALERNO,
February 1899.

CONTENTS

	PAGE
CHAPTER I	
EARLY YEARS	9
CHAPTER II	
INTELLECTUAL ENVIRONMENT.	14
CHAPTER III	
IN THE PROFESSORIAL CHAIR.	27
CHAPTER IV	
IN EDINBURGH SOCIETY	45
CHAPTER V	
TRAVELS IN FRANCE	56
CHAPTER VI	
THE 'WEALTH OF NATIONS'.	65
CHAPTER VII	
THE 'WEALTH OF NATIONS' (<i>continued</i>)—INTERNATIONAL ECONOMICS	83
CHAPTER VIII	
THE 'WEALTH OF NATIONS' (<i>concluded</i>)—PRODUCTION AND DISTRIBUTION OF WEALTH	94
CHAPTER IX	
CLOSING YEARS	119
CHAPTER X	
PERSONAL CHARACTERISTICS	134
CHAPTER XI	
THE FUTURE OF POLITICAL ECONOMY	142
APPENDIX.	157

ADAM SMITH

CHAPTER I

EARLY YEARS

'THE arrival of a great thinker on this planet,' says Carlyle, 'causes consternation through the kingdom of darkness.' History, however, shows that consternation is not always followed by defeat. The powers of darkness usually find a rallying-point from which to fight the apostles of light with the traditional weapons of ignorant prejudice and privileged selfishness. The path of progress, alas! is strewn with the remains of many a sturdy soldier of the great army of Enlightenment. Too often the blood of the martyred thinker has been the seed of civilisation. To this general experience Adam Smith was a notable exception. As the founder of Political Economy, the systematiser and expounder of those economic ideas which lie at the root of civilisation, Adam Smith escaped alike the violent opposition and the contemptuous indifference

of his contemporaries ; he had the good fortune to reap in his lifetime the reward of his greatness. Upon his brow ere he died was placed the wreath of immortality. When Adam Smith began to meditate upon economic problems the world was wedded to the great delusion of Protection. What could a solitary thinker do single-handed to overthrow a system which for centuries held the foremost intellects of the world in thralldom ? Only an intellectual Don Quixote could hope by philosophic tilting to destroy a world-wide delusion. And yet the modest, retiring philosopher of Kirkcaldy, from his obscure study, sent forth ideas which, by moulding afresh the minds of statesmen, have changed the economic history of the world. In view of the grandeur of his work and the far-reaching nature of his influence, it is surely meet that in Scotland's temple of fame a niche should be found for her illustrious son, Adam Smith.

Adam Smith was born in Kirkcaldy, 5th June 1723. Of his ancestry little is recorded. His father, also named Adam, was a native of Aberdeen, and seems to have been educated for the legal profession, as we find him, after his qualification of Writer to the Signet, appointed to the newly established office of Judge-Advocate of Scotland, a post which was created at the Union, and which he was the first to fill. He was soon after made private secretary to the Scottish minister, Lord

Loudon. When his lordship retired from office in 1713 he got his secretary appointed to the comptrollership of Customs at Kirkcaldy, which he held till his death in 1723, a few months before his son Adam was born. The family appears to have had a kind of hereditary connection with the Customs. Smith himself in later life was appointed one of the Commissioners for Scotland, and a cousin, also named Adam, was collector of Customs at Alloa. Taken in connection with Smith's great work in the sphere of fiscal reform, there is a dramatic fitness in the family connection with this branch of the public service. Smith was a sickly child, and required all the affectionate care of his mother, who, by the way, was a daughter of Mr. Douglas, a small proprietor near Kirkcaldy. The pathetic circumstances of his birth, and the fact that he was an only child, and delicate, led to his being idolised by his mother. Nobly did he requite her affection. According to Mr. Rae, Smith's friends often spoke of the beautiful affection which existed between him and his mother. The Earl of Buchan, who was probably at one time a boarder in the house, declared that the principal avenue through Smith's heart was by his mother. Dugald Stewart informs us that she was blamed for treating him with an unlimited indulgence, but it produced no unfavourable effects on his temper or his disposition. 'He

enjoyed the rare satisfaction of being able to repay her affection by every attention that filial affection could dictate during the long period of sixty years.' Of his early years only one incident, bordering however on the sensational, falls to be recorded. In his fourth year his mother took him on a visit to his grandfather, who lived on the banks of the Leven, when one day the boy was nowhere to be found. By and by a gentleman arrived who had met a gypsy woman a few miles down the road, carrying a child which was crying piteously. Scouts went in pursuit. In Leslie wood they came upon the gypsy, who on seeing her pursuers laid the child down and escaped.

In due course the lad was sent to the burgh school. The head master, Mr. David Millar, was a teacher of some note, and under his care young Smith made satisfactory progress. Even in his school-days he was distinguished for his love of books, and for his extraordinary memory. Active amusements he was debarred from by his weakness of constitution—a circumstance which goes far to explain his solitary ways, his absent-mindedness, and his habit of talking to himself, peculiarities which were noticeable in his early days. Kirkcaldy with its fifteen hundred of a population was fairly prosperous, and even in Smith's time was an admirable training-ground for the future economist. In the words

of Mr. John Rae : ‘ It has more sorts and conditions of men to exhibit than a rural district can furnish, and it exhibits each more completely in all their ways, pursuits, troubles, characters, than can possibly be done in a city. Smith, who in spite of his absence of mind was always an excellent observer, would grow up in the knowledge of all about everybody, from Lady Dunnikier, the great lady of the town, to its poor colliers and salters, who were still bondsmen. Kirkcaldy, too, had its shippers trading with the Baltic, its Customs officers with many a good smuggling story, and it had a nailery or two, which Smith is said to have been fond of visiting, and to have acquired in them his first rough idea of the value of the division of labour. It may have been in Kirkcaldy that he found the nailers paid their wages in nails, and using these nails afterwards as a currency in making their purchases from the shopkeepers.’¹

Here Adam Smith spent his happy boyhood, rich in his mother’s love, and rich too in much worldly wisdom and book-lore. The time had come when the scholar must leave his parochial surroundings, and in the larger world of learning find scope for his expanding powers. Fairly equipped with classics and mathematics, he set out for Glasgow University in his fourteenth year.

¹ *Life of Adam Smith*, pp. 7, 8.

CHAPTER II

INTELLECTUAL ENVIRONMENT

ADAM SMITH entered Glasgow University in October 1737, and remained till 1740. He seems to have commenced his University career with a view to the ministry: such at least is the inference to be drawn from the fact that he competed for, and secured, a Snell Exhibition, the object of which was to enable young Scotsmen to proceed to Oxford, preparatory to entering holy orders in the Scottish Episcopal Church. The exhibition, it may be mentioned, was founded by an old Glasgow student, with a view to spreading Episcopacy in Scotland. There is nothing to show that Smith was ever ecclesiastically minded. It may be, as in the case of Carlyle, that Adam Smith's aspiration pulpit-wards was an artificial product, rooted and nurtured in family day-dreams. Among the devout peasantry of Scotland there used to exist one all-absorbing desire, that of seeing the clever son of the family 'wag his head in the poopit.' Whatever desire

Smith himself may have entertained for holy orders soon evaporated in the academic environment of Glasgow. At Glasgow University there were implanted in Smith's mind the germs of those thoughts and impulses which moulded and controlled his whole future thinking. There was nothing irregular or spasmodic in his mental development; the evolution was calm and natural. There are no indications of severe mental struggles, no volcanic episodes, no introspective torturings, such as we meet with in the early lives of many distinguished Scotsmen. Smith's nature, like Hume's, seems to have lain entirely outside of the Covenanting influences which have left such vivid impress upon the minds of many Scotsmen, long after they were out of sympathy with the Calvinistic theory of man and the universe. We cannot hope to understand Adam Smith till we get the answer to this question: How came Smith and his set to lift themselves completely out of the theological atmosphere of the time? The answer will not only give us the key to the early development of Smith, but will also enable us to trace his individuality to its root, and throw a vivid light upon his life-work.

Scotland in the eighteenth century felt the full force of the reaction against the theological interpretation of the universe and of human life, which, starting a

century earlier in England, spread through Voltaire to France, where in due time it produced fateful consequences. That reaction manifested itself in two ways: in a profound dislike of the intellectual methods of theologians, and a revolt against the theological ideal. Ever since the Reformation the theological party had set themselves to inaugurate a reign of saints. Their ideal commonwealth was a Theocracy, the laws of which were discovered not by scientific methods, but by diligent study of the revealed Word. The virtues natural to such a State were those which grew best in an atmosphere of faith and devout enthusiasm. At the Reformation the idea of the Supernatural came in with such overwhelming force as to push the natural into the background.

In his eulogy of the Enlightenment in Scotland, Buckle indulges in a depreciatory estimate of the Covenanters—an estimate which calls for protest even from those whose appreciation of the work of Adam Smith does not necessarily lead them to undervalue the work of John Knox. Buckle represents the Reformers and their descendants as a hopeless set of obscurantists, who were bent upon destroying in the germ the revival of learning in Scotland. He concentrates his great literary and historical powers upon belittling the Covenanters, and of holding them up

to the contempt of posterity. A wide survey of the evolution of Scotland shows that the Covenanters and the Humanists, unknown to one another, were fighting as soldiers in the same great cause of emancipation. What was the outcome of the Reformation in Scotland? Was it not the creation of an intelligent middle class, animated not so much as in England by industrial instincts as by religious convictions? When Knox demanded religious liberty, and in prosecution of his crusade against Rome went up and down the country seeking to interest the common people in his cause, little did he dream that he was calling into existence a new power before which kings, clergy, and aristocrats would one day bow. Knox was the founder of Scottish Democracy. Once he got the people to rally round the Reformation in the cause of religious freedom, he placed in their hands a weapon by means of which they would ultimately secure, not only religious, but intellectual, political, and industrial freedom. Knox, like Calvin, had very narrow and one-sided ideas of liberty. For a time indeed—and Scotland bears traces of it to-day—it seemed as if one despotism had simply been substituted for another, the despotism of what may be called the democratic Theocracy of Geneva for the autocratic Theocracy of Rome. What difference, it may be asked, is there between being ruled

by an infallible Pope and an infallible Book? The difference is great. The one, by leaving no room for anything but abject acceptance of the Papal decrees, nips at the root all individuality: faith, not reason, holds the field. The other, by making a book the standard, sends the individual in critical mood to the standard, and at every stage he brings the decrees of the Church and the lives of her rulers to the test of Scripture. Once, then, the right of private judgment is admitted in religion, it must extend to other spheres of activity. When John Knox won the battle for religious liberty, he sowed the seed of the great scientific, political, and industrial harvest which we in these latter days are now reaping. John Knox made Adam Smith possible.

The mistake of the Covenanters consisted in taking too narrow a view of the emancipatory movement. The assumption that the Bible contained a complete revelation of man's relation to the universe and God had a cramping effect upon the Scottish mind. Long repressed during the period of religious and political turmoil, the purely human side of Scotland began after the Union to assert itself. In the Church this took the form of Moderatism, which represented the reaction of a portion of the clergy from the fanatical enthusiasm of the Covenanters, and a preference for the dignified frigidity

of English Deism. In the pages of Carlyle, of Inveresk fame, we find reflected a kind of Christianity which in laxity of thought came near to ecclesiastical Agnosticism, and in laxity of life bordered upon Epicureanism. When Adam Smith entered Glasgow University the influential professors had become inoculated with the new ideas. The teacher who left upon his mind the deepest impress was Francis Hutcheson, Professor of Moral Philosophy. Hutcheson was Smith's intellectual father. In order to a thorough understanding of Smith, it is essential to study the place which Hutcheson holds in the evolution of Scottish academic thought. Of Hutcheson it may be said, in Comtean phraseology, that he endeavoured to lead Scottish academic thought from the theological to the metaphysical stage. Not that he disassociated himself from the theological conception of the universe which lies at the basis of Scottish religion. He seemed quite willing, like his predecessor Carmichael, to acknowledge the Confession of Faith as the basis of academic teaching, but, unlike Carmichael, he was willing to allow the Confession to reign only so long as it did not govern. Hutcheson did not deny the supernatural; he ignored it. In his hands moral philosophy was no longer a branch of revealed religion. He sought to deduce ethical laws from the constitution of human nature, not to trace them back to some primitive

revelation. In harmony with the eighteenth-century philosophy, Hutcheson founded not only moral philosophy, but politics, political economy, jurisprudence, and in fact all the phases of secular activity, upon certain fundamental rights of man. To this must be attributed the fact that Hutcheson's method was metaphysical rather than scientific. He is more concerned about finding a metaphysical basis for his philosophy than in exploring the records of mankind for corroborative and explanatory facts. The significance of Hutcheson's work lay in the fact that it virtually set aside the doctrine of human depravity in so far as it led men to distrust reason, and pin their faith absolutely to revelation, which was supposed to cover every aspect of life, practical and theoretical. The capacity of reason for discovering truth, the beneficence of Nature, the harmony of human interests when left to follow the lines of liberty and justice—such was the creed which Hutcheson substituted for the Covenanting supernaturalism, which in its narrowness left no room for the secular evolution of society, and the ever expanding development of the individual.

Owing to the intensity of the reaction against the Theocratic *régime*, the Humanist movement found ready acceptance among the leading professors and students of Glasgow University. In his *Autobiography*

Dr. Alexander Carlyle bears testimony to the intellectual enthusiasm caused by the efforts of Hutcheson and his liberal-minded colleagues to carry into Scotland the torch of reason which a century before was lit by Descartes and Locke. In consequence of the keenness of the orthodox scent for heresy, the rationalist section put forth reason as an ally of revelation rather than as an antagonist; but the orthodox party, by raising a hue and cry against Hutcheson and Leechman, the Principal of the University, showed that in their opinion the trend of the new movement was in the direction of substituting a natural for a supernatural conception of life. Instinctively it was felt that the logical issue of Humanism was Deism. In opposition to Calvinism, with its doctrine of election, the theological rationalism of the Hutcheson school postulated the existence of a God whose ruling desire was the happiness of all his creatures. In opposition to Calvinism, with its doctrine of human depravity, the Hutcheson school represented man as supplied with two monitors, conscience and reason; by means of the one, actions were classified as right or wrong, and by means of the other, knowledge was gained of Nature and her laws. Following from this was the belief that the harmony of interests which a beneficent Nature sought to promote could best be reached by individuals

respecting one another's rights: enlightened self-interest would lead to universal social harmony. Natural liberty thus became the watchword of the theological rationalists, as opposed to the supernatural paternalism of the Calvinists. Students of Adam Smith need not be told of the close affinity between the Hutchesonian philosophy here outlined, and the conceptions which underlie the *Theory of Moral Sentiments* and the *Wealth of Nations*. When regard is had to the mesmeric influence which Hutcheson exercised over his students, it is not difficult to understand how the traditional orthodoxy which had first led Smith's thoughts in the direction of the Church, fell without a struggle before the rationalist philosophy, with its humanitarian basis, scientific outlook, and comprehensive sweep. To Hutcheson, as will be seen more fully later on, Smith was mainly indebted for his intellectual outfit. Smith himself was fully alive to his indebtedness to his old teacher, of whom he speaks as the 'never-to-be-forgotten Dr. Hutcheson.'

After finishing his course in Glasgow, Smith, in terms of his Snell Exhibition, proceeded to Oxford, where he matriculated on 7th July 1740, being then in his eighteenth year. His mind, on the scientific side, received little nutrition from the intellectual fare provided at Oxford. At that time Oxford was an academic Sleepy

Hollow, and unless a student had a large innate supply of zeal his time was likely to be wasted. Gibbon and Bentham both considered the time they spent there absolutely unfruitful. Smith's mind, however, could not remain idle. If he could get no impetus from the University in his own congenial studies, which were not in favour at Oxford, he turned his attention to the classics and general literature. That Smith did not allow his mind to run to seed in the academic stagnation of Oxford, is evident from the reference by Dugald Stewart to this period of his life. 'It was probably at this time,' says Stewart, 'that he cultivated with the greatest care the study of languages. The knowledge which he possessed of these, both ancient and modern, was uncommonly extensive and accurate; and in him was subservient, not to a vain parade of tasteless erudition, but to a familiar acquaintance with everything that could illustrate the institutions, manners, and ideas of different ages and nations.' His acquaintance with French and Italian poetry also was considerable. Oxford was valuable to Adam Smith in so far as it enabled him to cultivate literature pure and simple, thereby giving to his mind an expansiveness and many-sidedness which stood him in good stead when he came to trace the evolution of economic civilisation. Smith's life at Oxford seems to have been both lonely and

depressing. On account of their nationality, Scottish students were treated with peculiar harshness—a fact which, taken along with Smith's delicate health and sensitiveness, must have made his residence there one of prolonged discomfort. We can easily understand how his awkwardness and absent-mindedness made him a congenial object of ridicule among the English students. In this connection may be mentioned an incident noted by Mr. John Rae: 'The first day Smith dined in the hall at Balliol he fell into a reverie at table, and forgot his meal, whereupon the servitor roused him to attention, telling him he had better fall to, because he had never seen such a piece of beef in Scotland as the joint then before him.' Balliol College, as Rae observes, was in Smith's day a harsh stepmother to her Scottish sons.

In 1746, after six years' residence at Oxford, Adam Smith returned to Scotland. By his resolution not to enter the Church, his academic career was cut short. For two years he remained at Kirkcaldy with his mother. His prospects seemed far from hopeful. His refusal to enter the Church left him stranded in early manhood. In a poor country such as Scotland then was, when the door of the temple of professional success was opened only by the golden key of patronage, what could a poor student do but, as a

forlorn hope, cast about for private tutoring? For the lowest kind of intellectual drudgery Smith was ill qualified. Naturally absent-minded, his studies increased his tendency to abstraction—a tendency which, however useful to a philosopher, is out of place in a tutor who has to deal with such concrete realities as exuberant and rebellious pupils. Nature had not qualified Smith for training the young idea how to shoot; he got no pupils. After a modest but hopeless attempt to get a start in life, Adam Smith in an unexpected manner got his foot on the first rung of the ladder of fame. During his frequent visits to Edinburgh he made the acquaintance of Lord Kames, then Mr. Henry Home, whose name will ever be associated with the Humanist movement which sprang up in Scotland after the Union. In regard to literature and all that makes for culture, Scotland lagged far behind England. At the time, as Carlyle reminds us, when Scotland was studying Boston's *Fourfold State*, England was enjoying the works of Steele and Addison. The literary craze by and by spread to Edinburgh, and Kames did much to make it epidemical. He was not long in discovering Adam Smith's qualities, and accordingly he set about creating a sphere for their exercise. He suggested that Smith should deliver in Edinburgh a course of lectures on English literature and criticism. They were attended

by the rising young men of the city. The lectures are not extant ; they were burnt shortly before his death, at his own request. They were said by those who heard them to be of great merit. One thing is certain—they gave Smith such prominence that when a vacancy occurred in the Chair of Logic in Glasgow University, Smith received the appointment.

CHAPTER III

IN THE PROFESSORIAL CHAIR

IN 1751 Adam Smith began his professorial career in Glasgow, when he was in his twenty-eighth year. It so happened that his colleague, Professor Craigie, of the Moral Philosophy Chair, was in ill health at the time, and Smith undertook the duties of both Chairs. Professor Craigie died soon after, and Smith was transferred from the Chair of Logic to that of Moral Philosophy. It is interesting to note that Smith exerted himself to get his friend David Hume made his successor, but Hume's well-known heretical views formed an insuperable obstacle. The authorities appointed a certain Mr. Clow, who, judging from the obscurity which surrounds his name, seems to have been as far below Hume in talent as above him in orthodoxy. In his lectures from the Moral Philosophy Chair, Smith departed widely from academic traditions. He divided his course into four parts—a scheme comprehensive enough to include not only Natural Theology and Ethics, but Jurisprudence

and Political Institutions. These lectures, according to their character, were afterwards incorporated in the *Theory of Moral Sentiments* and the *Wealth of Nations*.

Dugald Stewart has happily preserved for posterity a vivid description of Smith's characteristics as a lecturer, procured from one of Smith's favourite students, afterwards known as Professor Millar, who in the dark days of Toryism did much in Glasgow to inoculate Jeffrey and the academic Liberals with zealous views of progress. In Professor Millar's words: 'There was no situation in which the abilities of Mr. Smith appeared to greater advantage than in that of a professor. In delivering his lectures he trusted almost entirely to extemporary elocution. His manner, though not graceful, was plain and unaffected; and, as he seemed to be always interested in the subject, he never failed to interest his hearers. Each discourse consisted commonly of several distinct propositions, which he successively endeavoured to prove and illustrate. These propositions, when announced in general terms, had, from their extent, not infrequently something of the air of a paradox. In his attempts to explain them he often appeared at first not to be sufficiently possessed of the subject, and spoke with some hesitation. As he advanced, however, the matter seemed to crowd upon him, his manner became warm and

animated, and his expression easy and fluent. In points susceptible of controversy, you could easily discern that he secretly conceived an opposition to his opinions, and that he was led upon this account to support them with greater energy and vehemence. By the fulness and variety of his illustrations, the subject gradually swelled in his hands, and acquired a dimension which, without a tedious repetition of the same views, was calculated to seize the attention of his audience, and to afford them pleasure as well as instruction, in following the same object through all the diversity of shades and aspects in which it was presented, and afterwards in tracing it backwards to that original proposition, or general truth, from which this beautiful train of speculation had proceeded. His reputation as a professor was accordingly raised very high, and a multitude of students from a great distance resorted to the University merely upon his account. Those branches of science which he taught became fashionable at this place, and his opinions were the chief topics in clubs and literary societies. Even the small peculiarities in his pronunciation or manner of speaking became frequently the objects of imitation.’¹

In the matter of peculiarities it may be well to mention one which Mr. Rae quotes, on the authority

¹ Dugald Stewart's *Works*, x. 12.

of Archibald Alison the elder, who had it from Smith himself. 'During one whole session,' said Smith, 'a certain student with a plain but expressive countenance was of great use to me in judging of my success. He sat conspicuously under a pillar; I had him constantly under my eye. If he leant forward to listen, all was right, and I knew that I had the ear of my class; but if he leant back in an attitude of listlessness, I felt at once that all was wrong, and that I must change either the subject or the style of my address.'

Smith had no reason to doubt his success in the Chair of Moral Philosophy. It was felt that the mantle of the great Hutcheson had fallen upon him, and his popularity increased by leaps and bounds. Not only students, but young men who had no thought of an academic career, attended his class, anxious to share in the new learning of which Smith was the philosophic apostle. The orthodox party, however, who had frowned upon Hutcheson, had their suspicions of his famous disciple. In their eyes, indeed, he must have seemed more dangerous than Hutcheson. He discontinued the Sunday class for students, which Hutcheson held for the purpose of delivering theological and religious addresses; and what was more suspicious, the new professor, it is said, had actually petitioned to be relieved from opening his class with prayer. The

prayers he did use, it was noticed, were highly flavoured with natural religion; and to crown all, he was a friend of 'Hume the atheist.' Smith's influence over young men was very great. John Ramsay of Ochtertyre, in his book *Scotland and Scotsmen*, says: 'He was at great pains to discover and cherish the seeds of genius; and therefore, when he met with acute, studious young men, he invited them to his house, that from the turn of their conversation he might discover the bent and extent of their faculties. He took great pleasure in directing their studies and solving their doubts, adapting his hints to their plans of life.'

From the lecture-room of Adam Smith there flowed into the minds of the students of Glasgow a constant stream of those economic ideas which, when afterwards published in the *Wealth of Nations*, were to revolutionise the fiscal methods of the nation. The seed fell upon fruitful soil. When Adam Smith began to lecture, Glasgow had broken with the feudal period, and was starting on her great industrial and commercial career.

If Adam Smith taught the Glasgow folks much as regards the abstract ideas which lie at the basis of his economic theories, he learned much from them in the region of concrete facts. Glasgow before his eyes was an object-lesson in industrial energy and

freedom, while the Glasgow merchants saw in the great flood of prosperity which was pouring in upon them practical proof of the soundness of their professor's economic philosophy. After the Union, Glasgow, both on the industrial and academic sides, made great strides in popularising scientific knowledge, and in breaking down the restrictions of the mediæval period, against which Adam Smith's great work was successfully directed. In this connection it is highly interesting to remember that Smith, as a member of the Senatus, had a hand in allowing James Watt to set up his workshop within the College walls, when he was boycotted by the Corporation of Hammermen, because he had not served his apprenticeship within the burgh. Watt's workshop, says Mr. Rae, was a favourite resort of Smith during his residence at Glasgow College. In the minds of these two men lay the germs of the industrial future. Without the conditions of modern industry created by Watt's great invention, Smith's economic ideas would have been doomed to sterility, and, apart from the ideas of free trade expounded by Smith, Watt's invention would have been shorn of half its value. James Watt's mechanical genius, nurtured on the intellectual soil of Adam Smith, brought forth fruit a thousand-fold.

While the bent of Smith's mind was strongly toward

economic science, and while he was busy assimilating all the practical teaching which Glasgow could afford, he was not neglecting the subject with which his Chair was directly associated. In 1759 appeared his *Theory of Moral Sentiments*, which at once placed him in the front rank of the philosophers of the day. An idea of the interest which it created is had from a letter from Hume, then in London, to Smith, in acknowledgment of a copy of the book which had been forwarded. Hume tells Smith that the literati were loud in its praises, and among other flattering things says: 'Charles Townshend, who passes for the cleverest fellow in England, is so much taken with the performance that he said to Oswald (one of Smith's oldest friends) that he would put the Duke of Buccleugh under the author's charge, and would make it worth his while to accept of that charge'—an arrangement which, in due time, was fully carried out. Burke spoke highly of the work, and reviewed it in the *Annual Register*. Any study of Adam Smith's mind and work would be incomplete which did not include a careful analysis of the book which called forth the eulogiums of his contemporaries.

It is impossible to understand Smith's contribution to ethical philosophy without close study of his relation to Hutcheson directly, and indirectly to Hume.

Smith was much more in sympathy with Hutcheson than with Hume, who pushed his rationalising principles to unwelcome conclusions both in metaphysical and ethical speculation. Smith, like Hutcheson, anchored his mind upon Deism; but when both thinkers came to construct a system of ethics in harmony with Deism, they had to reckon at every turn with the ruthless speculative method of Hume. In metaphysics and ethics, Hume was a disintegrating force of the first magnitude. His position and his influence on the ethical philosophy of his day will become clearer when we note his relation to Locke. It was the avowed object of Locke, in discarding the Cartesian system, with its innate ideas, to find a basis of certainty in experience alone. According to Locke, all knowledge comes through the senses, consequently ideas are the counterparts of impressions. But when he came to analyse the knowledge furnished by the senses his difficulties began. Locke's answer to the question—What is that thing called Matter which is the basis of all our knowledge? was highly unsatisfactory. The primary qualities, such as solidity, extension, etc., were faithfully enough reported to the mind by the senses, but the secondary qualities, such as light, heat, etc., Locke found to exist only relatively—that is, in relation to the mind. Here, then, was a serious element of

uncertainty. If matter is clothed by mind with secondary qualities, what becomes of Locke's attempt to reduce everything to sensation? Clearly, before we can have knowledge we must have something else besides the power of receiving sense-impressions. What that something else is, Locke does not clearly say. He talks about 'Reflection' and 'Internal Sense,' but these can afford him no help except at the sacrifice of his principle of Experience. Berkeley, alarmed at the consequences to religion of the underlying materialism of Locke, attacked the system at the root. 'In its last analysis,' said Berkeley, 'knowledge rests on ideas, not on sensations.' In order to reach this Berkeley had simply to do with the primary qualities of matter what Locke had done with the secondary—trace them to the working of the mind. The external something which we call Matter, in the opinion of Berkeley, was a fiction of the imagination. There is nothing real but spirit. God speaks to man by the symbol of ideas. Mind, not Matter, is the one reality for us. Hume now comes upon the stage and turns Berkeley's logic against the Berkeleyan system. In effect he says to Berkeley: 'If there is no evidence of the existence of matter as a permanent substance, there is a like want of evidence for the existence of a permanent mental substance.' What, says Hume, we

are conscious of is not an entity called mind, but a chain of feelings linked together by association. What, then, becomes of the boasted knowledge of reality which Locke promised as the result of demolishing innate ideas and resting everything on Experience? In Hume's hands the reasonings of both Locke and Berkeley ended in Scepticism. Locke's theory, like Berkeley's, was formulated in the interests of theology, and here Hume drives both theories into the service of Scepticism. Locke hoped to find in Causation a stepping-stone to a great First Cause; Hume, by substituting Association for Causation, knocked away the props from theology. Hume drove Philosophy into bankruptcy—this is what constitutes him an epoch-making force in the history of thought. David Hume gave birth to Immanuel Kant. On the ruins of philosophy as left by Hume Kant erected a new system, which, however, had a dualistic basis, the one part resting on Experience, the other having a transcendental root. In the hands of Fichte, Schelling, and Hegel the transcendental germs in Kant's system blossomed into a colossal theory of the Absolute; while the experiential elements, taking the form of the doctrine of the relativity of knowledge, were adopted by Hamilton, developed by Mill, and finally in our own day reconstructed by Herbert Spencer,

and made the metaphysical basis of the theory of Evolution.

Meantime what has to be noted here is the bearing of Hume's metaphysics upon moral philosophy. Here too he accepts the starting-point of Locke, and professes simply to proceed to the logical end. Locke was as much opposed to intuitions in morals as to innate ideas in knowledge. But in moral philosophy, as in metaphysics, he did not quite see the logical outcome of his principles. Locke makes terrible havoc of the contention that we have innate moral principles. In his scornful way he declares that men, after taking principles upon trust, forget their origin, and then by and by declare them to be divinely implanted. Doctrines, he says, which may have originated in the superstition of a nurse or the authority of an old woman, ultimately grow up to the dignity of ethical and religious principles. What then is the basis of morality? To this no clear answer comes from Locke. Just as in his theory of knowledge, after destroying innate ideas he leaves us with no philosophic guarantee for the existence of an external world, so after destroying innate ethical ideas we are left without clue to the fundamental distinctions of good and evil. We have seen how Hume, by substituting his theory of Association for Causation, reduced Locke's theological philosophy

to Agnosticism, so by the same method he merges morality in utility. Hume was the father of Utilitarianism. He was the first systematic thinker to attempt to deduce the laws of individual wellbeing from human nature as such apart from theological considerations. Hutcheson, who was at one with Locke in his rejection of innate ideas, was not prepared to follow Hume in his ruthless rejection of an innate basis for morality. Hutcheson contended earnestly for the existence of a Moral Sense by means of which right and wrong were distinguished. Smith, who had the advantage of knowing Hume intimately, and had probably discussed the subject with him in all its phases, must have felt that Hutcheson's theory was untenable. Discarding the Moral Sense of Hutcheson, Smith set himself to show how the complex phenomena of the moral life is reducible to Sympathy. Sympathy, with him, is the ultimate root of ethical judgments.

Detailed criticism of the *Theory of Moral Sentiments* would carry us too far afield. As a literary production it holds a high place, but its philosophic value is slight. Little reflection is needed to see that Sympathy, upon which Smith rests his whole ethical system, has not the oneness and simplicity he imagined. If men are not born with divinely implanted moral ideas, neither are they born with divinely implanted moral

sympathies. Sympathy itself, as the evolutionists have shown, is a variable and struggling product of civilisation; indeed it is more the result than the cause of moral phenomena. It is obvious that a sentiment which varies with the varying phases of civilisation can never be useful as a test of right and wrong. In his admirable criticism of Smith, Sir James Mackintosh puts the case conclusively when he says: 'It is enough to observe how much our compassion for various sorts of animals, and our fellow-feeling with various races of men, are proportioned to the resemblance which they bear to ourselves, to the frequency of our intercourse with them, and to other causes which, in the opinion of some, afford evidence that sympathy itself is dependent on a more general law.' Smith's mistake in imagining that Sympathy was a simple instead of a complex feeling, and had universality enough and coercive power enough to be the basis of morality, rose out of a conception of human nature peculiar to all the eighteenth-century thinkers. It was assumed that man was everywhere the same, that at all times and in all countries he possessed nearly the same general ideas, and was regulated by much the same class of motives. This view was at the root of the famous theory of Locke, and adopted by Hutcheson, that government began in a formal compact between the people and their rulers.

The habit of mind which made such a mechanical conception of human nature possible explains the curious absence in eighteenth-century books of anything like an attempt to test theories by the records of history. A certain theory of human nature is formulated, and from it moral and political phenomena are rigorously deduced. Thus it has come to pass that works which in their day made great stir have fallen into disrepute since the rise of the historic method, which views human nature not as a fixed mechanical product, but as subject to the law of silent but unceasing change in response to an environment ever increasing in complexity. The *Wealth of Nations* still lives, because it anticipated the modern method of viewing civilisation from the twofold standpoint of evolution and history. The *Theory of Moral Sentiments* is dead, because it was the representative of a metaphysical method, which in result was almost as sterile as the scholasticism which it displaced.

The Scottish school of ethical thinkers made little impression upon speculative thought, because they never fairly grappled with the question of knowledge as left by Hume when that thinker reduced Lockeism to intellectual Nihilism. Reid's *Common Sense* was an honest attempt to answer Hume. Reid's work has been condemned as being superficial. It was prema-

ture rather than superficial. It was impossible for Reid to get a hearing for his appeal to the fundamental rational and ethical structure of human nature till that structure had been subjected to rigorous analysis, and the permanent elements separated from the temporary. Kant recognised in all its magnitude the problem which Hume had bequeathed to the philosophic world. He saw that before duty could speak to man in the imperative mood, it would require to be rooted in something more enduring than the sense-philosophy of Hume—hence the Kantian attempt to get beyond the experientialism of Hume to a rock-base of *a priori* structure, instead of relying upon a crude theory of innate ideas which logically led to scepticism. In presence of the havoc worked by Hume, the glowing optimism of Hutcheson and Smith was powerless. True, Hume's ethical philosophy was not so revolutionary as his metaphysics, for the simple reason that he did not himself see the logical implications of his own ideas. In ethics, Hume wavers between a separate moral sense or instinct, something like that of Hutcheson, and a utilitarian conception—a conception which, falling in with the ideas of his successors, was developed into the full-blown creed of Bentham and the two Mills.

In his attempt to improve upon the utilitarian system

of Bentham, J. S. Mill weakened the logical foundation of the structure, which would have come down with a crash had not the evolutionary theory come to the rescue. In the hands of Darwin and Spencer, Utilitarianism was no longer open to the charge of making morality synonymous with the individual pursuit of happiness. By substituting the race for the individual, the evolutionists gave a highly plausible explanation of the fact, which perplexed the older Utilitarians like Hume, namely, that men's actions are usually dictated by impulses and motives which have no immediate relation to happiness or utility. The difficulty was apparently bridged by the theory that while it is true that the ethical impulses of the individual act with intuitive force, yet if we trace them back historically we find them rooted in primitive experiences of pleasure and pain. How was this theory to be met? Clearly the old introspective method pursued by Butler, Adam Smith, Hutcheson, and others, of investing one or other of the impulses with authoritative power, and resting morality upon its deliverances, was no longer fruitful.

The doctrine of Evolution gives the ethical theories of the Scottish school an antiquated look. Evolution knows nothing of Hutcheson's moral sense or Smith's sympathy. Primitive man is not born with a divinely implanted sympathy or a highly refined moral sense.

These are the flowers rather than the roots of an ethical civilisation. Is then the Scottish school of Moral Philosophy dead? By no means. We can conceive of the principles of the school being revived and applied to a new interpretation of ethical phenomena on the basis of the evolutionary conception of man. It is now becoming recognised that no permanent basis for ethics can be found in a system of Materialism with its fundamental and determining factor, sensibility. In the early stages of primitive man's progress, sensibility is the determining factor; but when self-consciousness reaches the introspective stage, when it becomes both subject and object, then sensibility falls into a subordinate place as a means to a higher end, namely, the development of Personality, with all its complex contents. In determining the nature of these contents, we can find great value in the writings of Hutcheson, Smith, and Reid. For showing the great share which pleasure and pain have had in the earlier development of humanity we are deeply indebted to the evolutionists; but pleasure and pain are meaningless except in so far as they stand related to a self-conscious personality. By virtue of his powers as a thinking being, man weaves the various conflicting threads of experience into one organic whole. Pleasures and pains are the fundamental elements of life, but they are no more to be

identified with the intellectual and ethical fruits of civilisation than are the rose-bush and its fragrance with the soil at the roots. By means of the subtle chemistry of Reason man purifies the passions of human nature, and, by pressing them into the service of the ideal, invests them with an ethical purpose which, when incarnated in the moral pioneers of the race, becomes fragrant of the divine.

CHAPTER IV

IN EDINBURGH SOCIETY

IN the sphere of abstract philosophy Adam Smith was to reap little fame. The pressing needs of the time were practical rather than speculative. The eighteenth century was pre-eminently a transition century. Society was emerging from the theological and feudal stages; old beliefs and ideals were coming into collision with the practical necessities of a new era, whose dominant notes were science and industry. Thus we find that however strong was the traditional influence of the speculative habit, the best minds of the day were insensibly driven to use their talents in the direction of practical life. Hume began as a speculative thinker, and ended as an historian and pioneer of political and economic thought. Significant of the change was the intimation made by Smith at the end of the *Theory of Moral Sentiments* that in a future discourse the author would deal with the general principles of law, revenue, and government. Unless we bear in mind the transi-

tional nature of the eighteenth century, it is quite impossible to get a clue to the mental characteristics of its famous leading men. To the hasty reader of history the century seems to be peculiarly sterile. Coming to it from the heroic and soul-stirring splendours of the preceding centuries is like stepping from the picturesque pomposities of the palace to the squalid bustlings of the market-place. Carlyle has done much to intensify the prejudices of the average student against the eighteenth century. His jibes and jeers at the 'bankrupt century,' the unbelieving century, combined with the glorification of Puritanism, leave the impression that the time from the death of Cromwell onwards was a period of reactionary movements, low aims, and selfish endeavours. The reverse is the case. The eighteenth century surpassed all others in its momentous bearing on political, social, and industrial evolution. In that grossly abused century were struggling for existence the germs of the potent forces which have carried this country out of the feudal into the industrial period—a change in the current of men's thoughts and activities so profound as to lead to an entire transformation of the social order. What Carlyle mistook for cynical scepticism was really the rebound of the eighteenth-century mind, in its search for the sober realities of secular truth, from the enthusiasms

and fanaticisms of the theological period, which by dividing the community into intolerant sects, and concentrating the mind upon other-world problems, had made the cultivation of reason impossible, and social endeavour sterile. The dislike of enthusiasm which Hume and his contemporaries so often display was really the outcome of profound irritation at a theory of life which carried into practical affairs the passions of the fanatic and the ideals of the conventicle. History was the record of a prolonged turmoil, in which, amid all the splendours of the heroic ages, individual life was stunted and national affairs chaotic. Men thirsted for things which could not be had under the reign of saints, for a social order in which would rule common-sense, good-breeding, conversational repose, culture, and scientific pursuit of truth.

In Scotland soon after the Union the reaction against the ideals of the sixteenth and seventeenth centuries began to take definite shape. Adam Smith found himself in the midst of the reactionary forces when, on his return from Oxford, he lectured in Edinburgh on literature, prior to his transfer to Glasgow. It has already been seen how, under the influence of the merchants of Glasgow, Smith's mind was receiving a bent in the direction of economic studies. Though located in Glasgow, he kept up a close intimacy with

his friends in Edinburgh—an intimacy which still further deepened his interest in politico-economic questions. In Edinburgh at that time were focused all the varied aspirations of the Scottish movement. Edinburgh then was what it can no longer be in an age of railways, telegraphs, and political centralisation—a city of light and leading.

Though no longer the fountain of political life, Edinburgh in the eighteenth century discharged a unique function in Scotland's development. When the Union became an accomplished fact, thoughtful and patriotic Scotsmen began to realise the colossal task which lay immediately to their hand. However justified the religious leaders of the people may have been in resisting the attempt of England to force upon Scotland alien forms of Church-government, it was felt that in the purely secular sphere it was necessary for Scotland to import from her southern neighbour many of those fruitful ideas which lie at the root of individual culture and social progress. To this feeling was due the revival of letters in Scotland, which, as was natural at first, took the form of slavish imitation of all things English. To this feeling also was due the societies which sprang up for the encouragement of agriculture, the arts, science, and manufactures. With great ardour Adam Smith threw himself into the new movement.

He took a principal part in establishing, in 1754, the famous Select Society, which during its ten years' existence did so much to foster civilisation in Scotland. In this Society, which at first met weekly in the Advocates' Library, but which had soon to find larger premises in consequence of the increase of members, were to be found the cream of Scottish life and thought. There was to be seen Adam Smith's patron, Lord Kames, a lawyer of note in his day, but something more than a lawyer. A man of restless activity, he combined no little speculative power with a sagacity and keen practical turn distinctively Scottish. He was equally at home in crossing swords with the famous Dr. Clarke on the evidences for the existence of God, and in popularising a new mechanical invention, and studying improved methods of agriculture. He threw as much enthusiasm into the introduction of English husbandry into Scotland, as he did against the importation of French sceptical ideas. The pretentious works of Lord Kames, his *History of Man* and his *Elements of Criticism*, have long since found their way to the literary moth, but to Scotsmen who can appreciate unwearied patriotic endeavour, leal-hearted devotion to the higher interests of individual and social progress, his memory will remain for ever green. Smith's closest friend, David Hume, was also a member

of the Select Society. With a courage which Smith did not possess, Hume had greatly injured his worldly advancement by his aggressive attitude towards traditional beliefs, and was driven to accept the comparatively modest position of librarian to the Faculty of Advocates, a post he valued for the access he had to the books which were indispensable to him when engaged upon his historical studies.

In a letter written by Hume to Allan Ramsay, the artist, son of the poet, who, by the way, was the originator of the Society, is afforded a vivid glimpse of the famous gatherings. Hume says the Select Society 'has grown to be a national concern. Young and old, noble and ignoble, witty and dull, laity and clergy, all the world, are ambitious of a place amongst us, and on each occasion we are as much solicited by candidates as if we were to choose a member of Parliament.' He goes on to say that 'our young friend Wedderburn has acquired a great character by the appearance he has made,' and that Wilkie, the minister, 'has turned up from obscurity, and become a very fashionable man, as he is indeed a very singular one. Monboddo's oddities divert, Sir David's (Lord Hailes') zeal entertains, Jack Dalrymple's rhetoric interests. The long drawling speakers have found out their want of talents, and rise seldomer. In short, the House of Commons is less the object of

general curiosity to London than the Select Society is to Edinburgh.' In view of the economic work of Adam Smith, it is a curious fact that one of the subjects for debate which he gave out at the second meeting of the Society was—Whether bounties on the exportation of corn be advantageous to trades and manufactures as well as to agriculture. The Society was something more than a debating society, in the usual sense of the term; it was an association whose objects were the encouragement of all practical methods of helping forward Scotland's development. Prizes were given for important discoveries and inventions likely to give an impetus to agriculture, trade, and manufactures. Under the influence of the Society a great impetus was given to national progress. Smith does not seem to have taken much active part in debate. It may be assumed that his mind lacked the nimbleness requisite for the cut and thrust of intellectual fence. Not only did his mind work best in solitude, but his delivery manifestly lacked the spontaneity necessary in dialectic warfare. We have it on the authority of Dr. Carlyle, who heard Smith explaining the objects of the Society at its first meeting, that his voice was hard, his enunciation thick, approaching even to stammering. Though a silent member, Smith by his connection with the Society must have been greatly benefited in view of

his labours in economic science, as it brought him face to face with those agrarian and industrial problems which formed the staple of the controversies of the coming years.

The patriotic spirit which led to the founding of the Select Society prompted the starting of a magazine for the purpose of still further spreading the light. In July 1755 the first number appeared of the *Edinburgh Review*. Its career was brief and inglorious. It expired with the second number in January 1756. To the first number Adam Smith contributed a review of Dr. Johnson's *Dictionary*, and to the second a letter of suggestions for the improvement of the *Review*, on comprehensive and original lines. The notable feature of the letter is the key it gives to Smith's political creed. He had little sympathy with the Toryism of his friend Hume. Political, no less than industrial, liberty found in him a warm defender, and from this letter it is clear that Smith was republican rather than monarchical in his sentiments. The *Review* died because the seeds of Liberalism which it scattered abroad fell upon uncongenial soil. The opposition which sprang up from various sides disheartened the promoters, who succumbed to public disapproval. The seed sown brought forth fruit at a later date, in the famous *Edinburgh Review* of Jeffrey fame. From various causes the Select

Society began to languish about the year 1762, when the spirit of reform found a new outlet in the famous 'Poker Club,' founded in that year. Adam Smith was one of the original members. The club originated in a protest against the Government for refusing to sanction a militia for Scotland. The name Poker was suggested by Adam Ferguson, to signify that the club was meant to stir public opinion on the national grievance. The refusal of the Government to allow Scotland a militia was dictated by the consideration that only a short time had elapsed since the rebellion, and the loyalty of Scotland to the House of Hanover was not so pronounced as to justify the experiment of intrusting the people with arms. The best account of the club is given by Dr. Carlyle in his *Autobiography*, and as the institution throws a side light on the habits of old Edinburgh, his description may fitly be given here.

'In the beginning of 1762,' says Dr. Carlyle, 'was instituted the famous club called the Poker, which lasted in great vigour down to the year 1784. About the third or fourth meeting of the club, we thought of giving it a name that should be of uncertain meaning, and not so directly offensive as that of Militia Club, to the enemies of the scheme. Adam Ferguson fell luckily on the name of Poker, which we perfectly understood, and which was at the same time an enigma to the public. This club comprehended almost all the literati of Edinburgh and its neighbourhood, most of

whom had been members of the Select Society (those only excepted, who adhered to the enemies of the militia scheme), together with a great many country gentlemen, zealous friends to the militia, and warm in their resentment at its being refused to us, and an invidious line thus drawn between England and Scotland. The establishment of our club was frugal and moderate, as all clubs for a public purpose ought to be. We met at our old landlord's of the Diversorium (Tom Nicholson's, near the Cross). The dinner was on the table at two o'clock, at one shilling a head. We drank the best claret and sherry, and our reckoning was punctually called at six o'clock. After the first fifteen, who were chosen by nomination, the members were elected by ballot; and two black balls excluded a candidate. William Johnston (Sir William Pulteney Johnston) was chosen secretary to the club, with the charge of superintending all publications, aided by two members with whom he was to consult. In a laughing hour, Andrew Crosbie, Advocate, was appointed Assassin to the club, in case any service of that sort should be needed: but David Hume was named for his Assessor, without whose consent nothing should be done, so that between plus and minus there was no hazard of much bloodshed. After some years, a quarrel with our landlord, who was a foolish fellow, sent us to Fortune's tavern at the Cross-keys, where the only change was that our dinners were more showy, and much dearer, but not better. This slackened the attendance of some of our best members; and the celebrity of the club brought others among us, who had no title to be there, and whose minds were not congenial. In short, the Poker dwindled away, by the death or desertion of some of the old members, and the non-attendance of the new. An attempt was made to

renew it about the year 1786 or 1787, by the admission of some young men of talents, who, together with the most zealous of the old, might revive the spirit of the institution. *Nec vera virtus cum semel excidit*, etc. ; from the change of times and habits, the attempt did not succeed.'

Dr. Carlyle here refers to the younger Poker Club, of which, however, Smith was not a member.

CHAPTER V

TRAVELS IN FRANCE

BOTH in Edinburgh and Glasgow Smith had undergone experiences which may fitly be described as an apprenticeship for his great work as founder of economic science. He had been a careful student of the commercial and industrial phenomena which in England and Scotland had emerged from the break-up of the feudal system. He was now to complete his education in this regard by personal examination of the arena in which the old and new forces were to be seen in sharpest conflict. In France two forms of civilisation were soon to be in the death-grips, and it was the good fortune of Smith to be a witness of the causes which led to the fateful and tragic struggle.

It will be remembered that after reading the *Theory of Moral Sentiment*, Charles Townshend suggested the idea of Smith being appointed as travelling tutor to the young Duke of Buccleuch. In October 1763 Townshend made a formal offer to Smith. The terms were

£300 a year, with travelling expenses, and a pension of £300 a year for life. The offer was accepted. The appointment of course led to Smith's resignation of his Chair of Moral Philosophy. One difficulty there was, which was solved in a way which throws a vivid light upon Adam Smith's personality. As a matter of honour he felt it incumbent to return to the students the fees which they had paid him in advance. Tytler, in his *Life of Lord Kames*, thus describes the scene between Professor Smith and his students :—

‘After concluding his last lecture, and publicly announcing from the chair that he was now taking final leave of his auditors ; acquainting them at the same time with the arrangement he had made to the best of his power for their benefit ; he drew from his pocket the several fees of the students, wrapped up in separate paper parcels, and beginning to call up each man by his name, he delivered to the first who was called the money into his hand. The young man peremptorily refused to accept it, declaring that the instruction and pleasure he had already received was much more than he had ever repaid, or ever could compensate : and a general cry was heard from every one in the room, to the same effect. But Mr. Smith was not to be bent from his purpose. After warmly expressing his feelings of gratitude, on the strong sense he had of the regard shown to him by his young friends, he told them, this was a matter betwixt him and his own mind, and that he could not rest satisfied unless he performed what he deemed right and proper,—“You must not refuse me this satisfaction,—

nay, by heavens, gentlemen, you shall not";—and seizing by the coat the young man who stood next him, he thrust the money into his pocket and then pushed him from him. The rest saw it was in vain to contest the matter, and were obliged to let him take his own way.'

In the beginning of February 1764 Adam Smith and his pupil left London for France. They spent ten days in Paris on their way to Toulouse, where they remained eighteen months. Time seems to have hung heavy on their hands, as we find him in July, four months after their arrival, writing to Hume: 'The progress we have made is not great. The Duke is acquainted with no Frenchman whatever. I cannot cultivate the acquaintance of the few with whom I am acquainted, as I cannot bring them to our house, and am not always at liberty to go to theirs. The life which I led at Glasgow was a pleasurable dissipated life in comparison of that which I lead here at present. I have begun to write a book in order to pass away the time.' This book, there is no reason to doubt, was the *Wealth of Nations*. Later, Smith and his pupil began to feel more at home among their new friends, and in another letter he informs Hume of their intention to be present at the meeting of the States of Languedoc at Montpellier, so fully described by De Tocqueville as the most interesting of the free institutions which were fast being

crushed out by centralised despotism. To Smith the visit to this historic meeting must have been fruitful in political and economic reflections, in view of the fact that in his mind his great work was taking shape. The travellers paid a visit to Geneva, whence they proceeded to Paris, where they stayed ten months.

It was Smith's good fortune to reach Paris while Hume was in that city. Hume left soon after, but not till he had introduced his friend to the literary lions of the capital. There is nothing to show that the flattery and gaiety of the Parisian literary salons carried Smith off his mental balance, as they did Hume, who thus writes to Dr. Robertson: 'Here I feed on ambrosia, drink nothing but nectar, breathe incense only, and walk on flowers. Every one I meet, especially every woman, would consider themselves as failing in the most indispensable duty, if they did not favour me with a lengthy and ingenious discourse on my celebrity.' Smith's solid good sense would save him from the vagaries of Hume, whose philosophy did not fortify him against the insidious attacks of vanity. Smith enjoyed to the full the mental intoxication of the salons, where he met the cleverest and wittiest products of the French Enlightenment. Among those he met at Baron D'Holbach's famous dinners, we can imagine him most at home with economists like Turgot

and Morellet; and it may be assumed that even more than the brilliant talk of Parisian drawing-rooms, he relished the earnest conversations he had with M. Quesnay, the King's physician, and the other members of the celebrated school of economic thinkers known as the Physiocrats.

Between the economists and the drawing-room philosophers there was a marked difference of intellectual spirit and methods. Of the many causes which brought about the French Revolution, one of the most potent, perhaps, was the entire exclusion of the literary men and philosophers from all share in public activities. Living in a region of theory and speculation, they amused themselves and the fashionable society of Paris with the ventilation of ideas which struck at the roots of the social order. Voltaire had weakened popular respect for the Church, and Diderot and his school, carrying the revolutionary movement still further, sapped at the root the idea of loyalty to the governing power. Theories of the most revolutionary type were bandied about with phenomenal recklessness. The forces of rationalism, which in England, in the hands of the successors of Locke, were gradually organising themselves on a constructive basis, in France were pursuing a purely destructive course. Fashionable France amused itself with intellectual gunpowder, quite

oblivious of the explosive nature of the material. The economists alone approached the problem with due intellectual earnestness and patriotic gravity. They saw that what France needed most at that particular moment was less a philosophic than an economic remedy. In their view France had fallen from her high estate through a too faithful adherence to the Mercantilism of Colbert, and to a wretched system of taxation, by which agriculture, in their opinion the one vital industry, was strangled, the country impoverished, and the people reduced to destitution. Quesnay and his school believed that no remedy was possible, short of sweeping away the entire network of State interference with industry, and its place taken by the natural law of liberty. Fiscal reform, they contended, would do its perfect work only when it abolished the chaotic mass of oppressive taxation, and substituted one single tax upon land.

Between Adam Smith and the Physiocrats there was a close bond of sympathy. The bond, however, has been represented as closer than it really was. It is taken for granted that for the ideas which underlie the *Wealth of Nations* Smith was largely, if not mainly, indebted to Turgot and Quesnay. Dupont de Nemours complained that Smith did not openly recognise Quesnay as his spiritual father, and writers of the calibre of

Professor Thorold Rogers and Mr. John Morley have traced to the French Economists much of the philosophy of the *Wealth of Nations*. That Smith was greatly indebted to the Physiocrats need not be disputed, but it can be shown that the ground-plan of his political economy was fully drawn long before his visit to France. In economics, as in much else, Hutcheson was the intellectual father of Adam Smith. On the authority of students of Smith when he was in the Moral Philosophy Chair, Dugald Stewart asserts that as early as 1752 or 1753 the fundamental principles of the *Wealth of Nations* were embodied in the form of lectures, and that the year before Quesnay published his first exposition of his system Smith had expounded his theory of natural liberty. Moreover, the ideas which form the basis of the *Wealth of Nations* are to be found in germ in the writings of Hutcheson, and some of them in detailed form in Hume, who, it is said, handed to his friend considerable material which was worked up in the *Wealth of Nations*. But within the last two years evidence has come to light which conclusively disposes of the insinuated charge of plagiarism against Smith. There has been published by Mr. Edwin Cannan a number of lectures delivered by Smith in Glasgow in 1763, and reported by a student, on Justice, Police, Revenue,

and Arms, being evidently the lecture referred to by Professor Millar in his account given to Dugald Stewart. Millar distinctly avers that these lectures were incorporated by Smith in his great work. The notes of these lectures were supplied to Mr. Cannan by Mr. Charles C. Maconochie, advocate, Edinburgh, a descendant of the well-known Scottish family of Meadowbank. Mr. Maconochie, in a letter to Mr. Cannan, the editor of the lectures on Justice, Police, Revenue, and Arms, delivered in the University of Glasgow by Adam Smith, tells us how the manuscript came into his possession. He could not trace the source from which the ms. of Adam Smith's lectures passed into the hands of his grand-uncle, James Allan Maconochie. He was inclined to think that the book had been bought at a sale. There was not at Meadowbank House any copy of a bookplate the scroll-work of which at all resembled the obliterated plate on the cover of the ms. His grand-uncle, James Allan Maconochie, was an advocate, and Sheriff of Orkney, and died in 1845, unmarried. Many of his books were at Meadowbank, where law-books were naturally accumulated, as two Judges and a Professor in the Faculty of Law in Glasgow University had been among the proprietors of the estate during the last hundred and twenty years. A large number of these books,

some of them very bulky, had from time to time been stacked in heaps on the floor of a garret. In 1876, immediately before Mr. Maconochie was called to the bar, he was given permission to take away such books as he thought would be useful. Amongst others he took the ms., and it has been in his possession ever since.

Turgot's book was not written till Smith had ceased lecturing, and as these lectures were delivered long before Smith conversed with Turgot, it is clear that the alleged connection between the two thinkers must go the way of all myths. Thus too is shown to be erroneous the contention of Carlyle in his essay on Burns, that 'it was Quesnay's lamp that kindled the lamp of Adam Smith.' It is well known that in the *Wealth of Nations* are traces of the conversations which Adam Smith had with Turgot and Quesnay, but the fact that in these recently published lectures are to be found the basal ideas of Smith's economical theories, makes all further misunderstanding in this connection with the Physiocrats impossible.

In October 1766 Adam Smith and his pupil returned to London. In London Smith stayed about six months, when he left for Kirkcaldy, where he gave himself up entirely to the production of his great work.

CHAPTER VI

THE 'WEALTH OF NATIONS'

ON the 9th of March 1776 the *Wealth of Nations* was published—a remarkable book to be written by a man so utterly unpractical that he was obliged to get a friend to buy his horse-corn for him. Hume, who was ever deeply interested in the fame of his friend, wrote a letter congratulating Smith on the result of his ten years' labours. Some points Hume was eager to discuss, all the more so as his health was failing, and the opportunities of the old friendly conversations were growing fitful and uncertain. In his letter Hume contented himself with calling attention to the grave error made by Smith in making the rent of land an element in the price of the produce. The book soon arrested attention, though its political influence received a check from the reactionary wave caused by the French Revolution. When the wave had spent its force, the minds of reformers reverted to the ideas which in England and in France had inspired the liberation movement of the

pre-Revolution period. That movement originated in a protest against the intellectual conceptions and political methods which had come down from the Middle Ages. Under Feudalism the duty of the people consisted in abject obedience to the clergy and the nobles. Under Monarchy the sentiment of obedience was largely transferred to Kings and Parliaments, who took a paternal view of their functions, and subjected the people to a network of protective laws. Test Acts were passed in the interest of religion, labour laws in the interest of industry, and protective tariffs in the interest of commerce. Against religious protection, which in practice meant persecution, intellectual Liberalism rose in revolt, and against industrial and commercial protection, which in practice made for monopoly, economic Liberalism waged relentless war. In France Diderot and his comrades in their Encyclopædia rebelled against State interference with men's intellectual activities, and Quesnay and his disciples protested against State interference with men's industrial activities. The sceptics claimed liberty to think and write, and the economists claimed liberty to exchange the products of their labour. The remarkable feature of Adam Smith's work was, that long before political emancipation was conceded, the Governments of the day, under the influence of the *Wealth of*

Nations, made concessions which paved the way for Free Trade. Pitt, whose economic ideas were somewhat advanced, made a sympathetic reference to the *Wealth of Nations* in the House of Commons in 1792, and his successors did much to purify the tariff on Smithian principles. By Cobden and Gladstone the ideas of the *Wealth of Nations* were still further translated into practical life in the direction of complete Free Trade. Under the guidance of the idea of Freedom which dominates that book, Liberalism set itself to the work of emancipation in all departments of the national life. A reformed commercial policy in the direction of Free Trade, a reformed foreign policy in the direction of national independence, a reformed legal code in the direction of equality before the law and freedom from feudal restraints, a reformed ecclesiastical policy in the direction of freedom from religious tests—these, and numerous emancipatory movements, were inspired by the idea of natural liberty, which, on the economic side, came from Adam Smith, and on the political side from the principles of the Revolution of 1688 as formulated by John Locke.

What then is the exact position of the *Wealth of Nations* in this great evolutionary chain of thought and activity? Till a comprehensive answer is given to this question, criticism and exposition of the work must

necessarily be fragmentary and confusing. View it, with Buckle, as a triumphant specimen of the Scottish method of deductive reasoning, and Adam Smith becomes the spiritual father of the Ricardo school, and shares in the discredit which has overtaken it in these latter days at the hands of writers like Cliffe Leslie, Jevons, and Ingram. Eulogise the *Wealth of Nations* on the score of absolute originality, and immediately evidence is forthcoming of similar ideas in the writings of Hume, Hutcheson, and the Physiocrats. In what then does the uniqueness of Smith's work consist? Smith did for the world of industry what Darwin did for the world of biology. A study of Darwin's methods and results will throw a vivid backward light upon Smith's work. Reduced to its ultimate analysis, Darwin's work consisted in revealing the mechanism by which the marvellous complexity and harmony of the plant and animal worlds were secured. Thinkers before Darwin had speculated about organic evolution, just as thinkers before Smith had made intellectual excursions into the region of Free Trade. Smith's work was epoch-making for the reasons that made Darwin's epoch-making. Smith laid bare the secret mechanism by which Nature, when duly obeyed, makes the industrial world an harmonious and organic whole. The secret mechanism which is disclosed in the *Wealth*

of Nations is the power of self-interest, when duly safeguarded by liberty and justice, to produce industrial harmony in the sphere of wealth-production and exchange. Just as Darwin contends that the best biological results in Nature are obtained when the great competitive forces among organisms are allowed liberty to operate, so Smith contends that the best industrial results are secured when, under the necessary conditions of liberty and justice, the competitive self-interests of free men are allowed sway in the worlds of labour-production and exchange. The secret spring of the industrial world, according to Adam Smith, is division of labour, which unconsciously transforms man from a selfish solitary worker into a member of a huge co-operative organisation, in which sympathy, at first weak and uncertain, takes root and ultimately blossoms into all the virtues of a highly developed social State. Many writers before Adam Smith dealt with the natural rights of man and the natural order of society, but he was the first to indicate, in his *Wealth of Nations* and his *Theory of Moral Sentiments*, how, out of the co-operative life rendered necessary by the division of labour, there develops, as from the dual root of self-interest and sympathy, all that is best and noblest in civilisation.

It will be thus seen that Adam Smith's work is some-

thing more than a treatise upon Political Economy. It has its roots in a comprehensive theory of Nature. As the present writer has elsewhere said, to Smith Nature was the name for a huge system of laws and forces which, when allowed to have free play, result in universal harmony. In the economic sphere, according to Adam Smith, wealth-production and distribution would follow naturally and harmoniously on the lines of liberty and justice. Government interference, beyond insisting upon security and freedom, were, in Smith's opinion, hurtful to social and industrial wellbeing. This optimistic view of Nature, characteristic of eighteenth-century thought, received a rude check from Malthus and the Ricardo school. According to Malthus, the beautiful harmony which Smith saw in Nature does not exist. Mankind, he showed, tended to increase much faster than the means of subsistence—a tendency which was kept from producing widespread misery through the ruthless operation of disease, famine, and war. This gloomy outlook was widened by another disheartening theory, that known as Diminishing Returns. While man tends to multiply faster than the means of subsistence, it needs an increasing amount of labour to produce the same quantity of food, owing to the exhaustion of the soil. Virgin soil worked constantly

for a number of years loses its productive powers, and can only be restored by expensive artificial processes. In vain did Godwin and his fellow-optimists struggle against the pessimism of Malthus. The misery which followed the Corn Laws and the great Peninsular War were readily traced by the aristocracy to the inherent defects of Nature, which was held to be responsible for the law of population and the law of diminishing returns. The victory of Malthus and the eclipse of Adam Smith's optimism seemed complete when Darwin showed that in the entire animal world the Malthusian law held iron sway. True, Darwin lit up the pessimism of Malthus with a streak of optimism, when he showed that to the fierce struggle for existence, caused by the great disproportion between numbers and food, all the marvellous complexity and perfection of animal life are due. But only the fittest can survive the terrible struggle, and thus Nature, according to Darwin, is ceaselessly moving to perfection by means of the preservation of the elect. Darwinism by a circuitous route brings us round to a system of Calvinistic Naturalism. Clearly we have travelled far from the Smithian conception of Nature, with its inherent beneficence and harmony of interests on the lines of liberty and justice. So completely did Smith seem to have been discredited, that recent critics, like

Cliffe Leslie and Ingram, thought they had disposed of him by referring cavalierly to his crude eighteenth-century optimism. Here then we stand face to face with two antagonistic conceptions of Nature and of Society. If Nature is at war with humanity, and will only tolerate in comfortable existence an elect few, the cream of the race as regards ability or privilege, clearly the human lot for the majority becomes a kind of treadmill. In presence of such a social state, the enthusiasm of the reformer dies at the root, and the throbbing aspirations of the idealist expire at the blighting touch of pessimism.

Deeper study of the Evolution theory as applied to society is producing a reaction in favour of the Smithian conception of Nature. It is now being recognised that the pessimism of the Darwinian period is largely due to a superficial interpretation of Nature and her methods. In words of his own, which the present writer takes the liberty to reproduce, 'At the first blush it would seem as if, from the Darwinian point of view, Nature was given over to universal warfare. In *In Memoriam*, Tennyson has given fit poetic expression to the sombre, not to say gloomy, thoughts which force themselves upon the cultured observer of Nature. Now, it is usually forgotten that in order to emphasise the rationality of his view of the

origin of the marvellous variety and complexity of species, it was necessary for Darwin to call special attention to the struggle for existence and its prime cause—namely, the tendency of population to outrun the means of subsistence. There are two other tendencies, however, which, as not bearing on his particular problem, Darwin did not specify, but which must be taken into account in any philosophic survey of history—namely, the tendency of man, in order to relieve the intensity of the struggle for existence, to unite with his fellows, and the tendency of man towards increasing intelligence by which he can increase the productive power of Nature, thereby checking the fierce struggle which, in the animal world, goes on between population and subsistence. See how these two tendencies give to human evolution the quality of hopefulness. The fierce struggle for existence which, among animals, leads to warfare, among men has the same result in the earlier days of primitive life. But by virtue of his dawning intelligence, and the germs of co-operation developed in family life, men discover the advantages of union. Whereas animals fight one another for food which is more or less scarce, men by co-operative methods begin to grow food, thereby increasing the productive power of Nature. In order to facilitate the process

comes division of labour, which leads to barter ; and thus, instead of a fierce struggle for existence between isolated individuals, we have the beginning of a new method, that of co-operative assistance in the struggle for existence, and for result great increase in the total means of subsistence and great increase in the individual share. The individual who co-operates with his fellows may not get all he would like, but he gets infinitely more than if he earned his livelihood in solitary fashion.'

Herbert Spencer has shown that a new departure in human evolution was taken when society passed out of the military into the industrial state—a state which Adam Smith clearly foreshadows in the opening chapters of the *Wealth of Nations*. After detailing the number of trades employed in supplying the wants of the commonest day-labourer, Smith says: 'If we examine all these things, and consider what a variety of labour is employed about each of them, we shall be sensible that without the assistance and co-operation of many thousands the very meanest in a civilised country could not be provided with even according to what we very falsely imagine the easy and simple manner in which he is commonly accommodated. Compared indeed with the more extravagant luxury of the great, his accommodation must no doubt appear

extremely simple and easy; and yet it may be true perhaps that the accommodation of a European Prince does not always so much exceed that of an industrious and frugal peasant as the accommodation of the latter exceeds that of many an African King, the absolute master of the lives and liberties of ten thousand naked savages.'

It has been customary to describe Political Economy as the dismal science, as the gospel of selfishness. In the hands of Ricardo and his disciples, Political Economy was certainly gloomy enough, and its gospel only too egotistically forbidding; but Smith's conception of economic science, including as it did the co-operative and sympathetic side of life, was eminently hopeful and elevating. His view of the industrial order was wide enough to give full play to that subtle psychological chemistry by which egoism is transmuted into altruism. In Smith's words: 'In civilised society man stands at all times in need of the co-operation and assistance of great multitudes, while his whole life is scarce sufficient to gain the friendship of a few persons.' In such a state, as Smith goes on to show, man can most satisfactorily connect himself with his fellows through the medium of reciprocity of services—a process which invests self-interest with a social and ethical quality. From this social and ethical germ develops

all the higher virtues of civilisation. An American writer, Mr. George Gunton, has traced this process of evolution on Spencerian lines as follows : —

‘ Man in his most primitive state was exclusively egoistic in his desires and his conduct. Altruism was not visible in anything he did. Having no social or physical interest in his fellow-man, there was no more economic or ethical reason why he should not steal from, or even kill and eat him, than that the lion should not devour the lamb. With the division and specialisation of labour, exchange of products became indispensable to the gratification of wants, and some degree of intercourse having been established, a beginning of confidence became inevitable. As the wants of men increased, and they became more dependent upon one another for the means of satisfying them, men naturally became more settled and social in their mode of life, and as soon as the crudest form of association became necessary, altruistic conduct began. The increasingly frequent personal intercourse which inevitably arises from more complex social relations, and the greater identity of interests, naturally tend to promote a greater reciprocation of sympathetic feelings. It is a universal principle in sociology that the more frequently we repeat acts which command our own and others’ approval, the more they tend to become habitual and automatic ; and in proportion as any conduct tends to become an unconscious part of daily life, it forms a fixed element of social character. Accordingly in the most advanced countries, where the wants and desires of the people are the most numerous, and their industrial and social relations the most complex, we find the greatest degree of honour, virtue, integrity, fair-

dealing, general honesty, and public and private justice; in short, the highest phase of moral conduct. . . . Nor is this all. The influences which are thus elevating individual egoism into moral principle are also simultaneously tending to expand and intensify sympathetic, altruistic feeling. In proportion as man's egoism becomes indirect, and that of his altruism direct, he becomes more sensitive to the feelings of others, and less absorbed in his own; so that, instead of regarding the misery of others with indifference, as formerly, a comparatively slight unhappiness becomes the source of great pain to him, and often the incentive to the highest action. Hence we see that whereas man could once kill and feed upon his fellows, to-day the advanced races regard injury to another as equal to harm inflicted upon themselves. Viewing the subject in all its phases, we see that in every direction the increase of egoistic wants is the real source of social progress. It develops the activity of the intellect; this in turn differentiates the social environment; engrafts virtue into character; transforms conscious egoism and unconscious altruism into unconscious egoism and conscious altruism; elevates utility into morality, and makes moral principle instead of individual interest the basis of social conduct. Thus as man's intellect is called into activity by the differentiation of his desires, so is his moral character developed by the differentiation of his interests.¹

Thus we find the doctrine of Evolution, philosophically interpreted on the lines of its greatest expounder, Herbert Spencer, destroying the pessimism

¹ *Principles of Social Economics*, pp. 24, 25.

of Darwinism, and giving to the theoretic conceptions which underlie the *Wealth of Nations* the highest scientific corroboration and justification.

No one knew better than Adam Smith that he was describing the tendencies of economic evolution, and not its actual historic course. He indulged in no day-dreams, after the style of the speculative optimists of France and England. Smith did not expect the social millennium to be ushered in immediately by the Age of Reason; indeed, nothing is more remarkable about the author of the *Wealth of Nations* than the sombre views he held of the progress of rational ideas. He knew that civilisation does not move along a straight line. Man is not swayed by one overmastering impulse, as assumed by the Ricardian school, that of seeking wealth. Man, especially primitive man, is a prey to a thousand fears. At first he is more a superstitious than an industrious being. Out of this sprang religious wars. No sooner freed from this delusion than man falls a victim to the economic delusion that wealth can be largely increased by conquest. The supply of bones being limited, there necessarily follows a struggle among the competing dogs. Out of this delusion arise huge class inequalities, which lead to the political and economic subjection of large sections of the community to a condition little removed from slavery. A too

faithful translation of this Darwinian conception has fettered the modern industrial world with the relics of the feudal system, in the shape of a monopolised land-system, which forms a serious barrier to making Adam Smith's economic creed the basis of the national policy. Those who clamour for a return to paternalism in commerce and industry, either in the form of Socialism, Collectivism, or Protection, on the plea that Free Trade leaves untouched a great mass of individual and social evil, overlook the fact that the Smithian economic conception aims at something more comprehensive than simply making Free Trade the keystone of our fiscal policy. The evils which Socialists, Collectivists, and Protectionists are seeking to remedy are not evidence of the failure of Free Trade, but are the products of the Protectionist or monopolist elements which still adhere to our national policy.

Much of the discredit which has overtaken Political Economy is due to the absurd expectation of the Ricardians that the law of supply and demand, for instance, would produce its natural effects under unnatural conditions. Practical men of the world felt it to be a mockery to be told to leave things to the operation of a mysterious, inflexible, economic law, in presence of such terrible suffering as that which characterised the close of the eighteenth and the

opening of the nineteenth century. The Ricardian were right in declaring that wages were regulated by : law of Nature as rigid as the law of gravitation ; they were wrong in their interpretation of the law, and also wrong in overlooking the fact that the law of supply and demand was prevented in its natural operation by a monopolised land system, which rendered competition in any rational sense of the term, utterly impossible. By overlooking this, the economists, notably Malthus, were driven to the pessimistic view that Nature was the foe of the labourer. As it was expressed, there was no cover laid for the poor man at Nature's banquet. Malthus proved, as he thought conclusively, that poverty was the necessary corollary of the law that population tends to outrun subsistence. The population law of Malthus, and the iron law of Ricardo, that in consequence of diminishing returns, aggravated by the rapid increase of population, wages tended to a minimum, would have assumed totally different aspects had the simple fact been recognised that the pauperism, the misery, the rebellious wretchedness which existed, were mainly the products of a land monopoly worked for purely class ends by a band of political monopolists. Tamperings with the natural laws of population by legislators, in the form of wretched Poor Law regulations and wholesale enclosures of land, had the disas-

trous effect of driving people from the country into the towns, thereby laying the foundation of the modern slum system, and creating an artificial competition in the industrial world by which wages were reduced to starvation-point. Out of all this has grown the whole system of philanthropic legislation to deal with evils which, but for the feudal elements still remaining in our political constitution, might be dealt with by the organisation of sympathetic feelings on voluntary instead of compulsory principles. It should be clearly understood that there can be no such thing as natural liberty in the Smithian sense in the sphere of industry, so long as our political constitution is rooted in a feudal system which makes land, not an economic commodity, but the monopoly of a privileged few. The land system, which has done so much to neutralise the beneficent tendencies of the industrial *régime*, is rooted in the Darwinian conception of Nature as a colossal arena for the competition of antagonistic interests, in which only the elect, which in most cases means the privileged, survive. On the other hand, we have the conception of Nature which underlies the *Wealth of Nations*, in which Man and Society are destined to form one harmonious whole on the basis of reciprocity of service. In the past man has been worsted in the conflict, but with the opening of the new era of science and industry man

began a career of progress which will culminate in a social state held together by the bonds of universal harmony. With the magic wands of science and enlightened self-interest man will not merely avert the dangers of which Malthus and Ricardo prophesied, but will lay the foundations of a new industrial order, in which not strife, but peace, shall reign. Above the din of conflicting interests and warring passions may be heard, by those who listen in the spirit of evolutionary science, the inspiring tones of the humanitarian evangel —Peace on earth, and goodwill among men.

CHAPTER VII

THE 'WEALTH OF NATIONS' (*continued*)— INTERNATIONAL ECONOMICS

ADAM SMITH would have made little impression upon his contemporaries, and less upon future generations, had he attempted to develop his economics from a purely speculative root. His book would have met the fate of the numerous productions of the eighteenth century, in which the scattered gleams of piercing insight are lost in the mass of fantastically speculative darkness. The permanency of the *Wealth of Nations* is due in no small degree to the originality of Adam Smith's method. How was he to gain a hearing for his message? Arrayed against him was a vast system of Protection, and in presence of it a philosophic plea for natural liberty would have been utterly lacking in convincing power, in the absence of anything like experimental evidence. His dilemma was greater than that which confronted Newton and Darwin. Newton had to discover and proclaim the Law of Gravitation,

and Darwin the law of Natural Selection, but Smith's claim to have discovered the law which regulated the wealth of nations could receive no attention until he had first demonstrated that the Paternal and Mercantile systems which flourished in his day had no basis in natural law at all, but were artificial laws, rooted in ignorance and class selfishness. His first step, clearly, was to show that the economic regulations which Governments had adopted were productive of immense and far-reaching evils. This could only be done effectively, not from the narrow standpoint of abstract reasoning, but from the broad platform of historic demonstration. From this platform Adam Smith showed how the theory that the interests of nations in industrial production and exchange were necessarily antagonistic had lessened the production of wealth, narrowed its distribution, and had sown the seeds of racial hatreds and wars. The fourth book of the *Wealth of Nations* is a tremendous indictment, from the historic side, of the whole Mercantile, or, as we would say, the Protection, system of Political Economy. In the following passages we have the condensed cream of his long argument:—

‘Nations have been taught that their interest consisted in beggaring all their neighbours. Each nation has been made to look with an invidious eye upon the prosperity of all

the nations with which it trades, and to consider their gain as its own loss. Commerce, which ought to be among nations as among individuals, a bond of union and friendship, has become the most fertile source of discord and animosity. . . . The wealth of neighbouring nations, though dangerous in war and politics, is certainly advantageous in trade. In a state of hostility, it may enable our enemies to maintain fleets and armies superior to our own ; but in a state of peace and commerce it must likewise enable them to exchange with us to a greater value, and to afford a better market, either for the immediate produce of our own industry, or for whatever is purchased with that produce. As a rich man is likely to be a better customer to the industrious people in his neighbourhood than a poor, so is likewise a rich nation. . . . Private people, who want to make a fortune, never think of retiring to the remote and poor provinces of the country, but resort either to the capital or to some of the great commercial towns. They know that where little wealth circulates there is little to be got ; but that where a great deal is in motion some share of it may fall to them.

‘The same maxim which would in this manner direct the common-sense of one or ten or twenty individuals, should regulate the judgment of one, ten, or twenty millions, and should make a whole nation regard the riches of its neighbours as a probable cause and occasion for itself to acquire riches. A nation that would enrich itself by foreign trade is certainly most likely to do so when its neighbours are all rich, industrious, and commercial nations.’

Since Adam Smith’s day the Mercantile theory has assumed a new and subtle form. Under the reign of

Free Trade it is no longer possible to seek to profit at the expense of our rivals by means of Protective tariffs. We now set ourselves by increased armaments to annex and develop new markets in parts of the world not yet appropriated. So long as by Protective tariffs we could monopolise new markets, the project, however ultimately futile, had an air of logic about it; but it is manifestly inconsistent to combine Free Trade with a foreign policy which naturally belongs to the Protective theory of commerce. Economic superstitions, however, die hard, and if they are to be killed at all, it can only be by applying to current phases of the old delusions the rigorous analysis to which Adam Smith subjected the Mercantile superstition of his day.

The close of the eighteenth century found us struggling furiously to preserve what was called the balance of power. The close of the nineteenth century finds us contending fiercely for what is called the balance of trade. From the day that William of Orange in his last address to his Parliament declared his earnest desire to see England hold the balance of power, to the day of Palmerston, the people of this country stood calmly by and saw blood and treasure spent in a foreign policy which proved as futile as it was sickening. In order to preserve the balance of power we entered into no end of continental alliances, subsidised, and ad-

vanced loans to, weak States. By and by it occurred to a set of politicians that the growing intelligence of the country would no longer stand the old Jingoism which William of Orange fostered, and the last exponent of which was Lord Beaconsfield. Then, instead of the balance of power, there appeared a new phase of the old meddlesome superstition. The new phase is the balance of trade. William of Orange urged large military expenditure in order that England should hold the balance of power. There are those who advocate an aggressive foreign and colonial policy in order that England shall hold the balance of trade. What lessons does history teach us about the balance of power? One great fact stands out clear from the time of William of Orange till now, namely, that our efforts to preserve the balance of power brought about results totally different from those aimed at and expected. In order to preserve the balance of power, Pitt plunged his country into the war against France, a war which in the end produced Napoleon, who established a balance of power of his own, and scourged Europe for years. Not content with that experience, our rulers again tried to preserve the balance of power by endeavouring to suppress, not Napoleon this time, not France, but Russia. Our support of Turkey was given purely out of dread lest Russia by her aggressive methods should secure the

balance of power. We have not been a bit more successful in crippling Russia than Pitt was in crippling France. Russia, prevented from expanding in Europe, has expanded in Asia, till now we are threatened in China with a power which in Europe has shown itself able to dictate to Britain and all the other Powers in the Concert of Europe. What is the moral of all this? The moral is that national, like physical, forces obey laws of their own, and that statesmen can no more coerce the laws of sociology and nationality to suit their own selfish ends, than they can prevent the tide from ebbing and flowing, or can compel water to flow uphill. The same line of reasoning applies to the attempt to secure by armies and navies the balance of trade, which is simply our friend the balance of power with the capitalist instead of the old fire-eating Jingo mask. That country will hold the balance of trade which best supplies the world's needs as regards cheapness, quantity, and quality. If we are losing our hold on our old markets, would it not be better to discover the causes? It is argued thus: We are overtaken by our rivals; let us annex new territories for our markets. We argue differently: If we are being overtaken by our rivals, let us look to our defects. Let us discourage Trade-Unionism, which artificially makes goods dear, let us improve the education of our workmen, and let

us urge upon our capitalists the need for greater enterprise. Better for us to keep the markets we have than to spend the money of the ratepayers in fostering, by means of armies and navies, a trade which for years must be unprofitable except to a few monopolists. The assertion that trade follows the flag is completely disproved by statistics.

In the *Contemporary Review* for August 1898 there appeared a crushing refutation of the old economic error which, under the name of Mercantilism, was completely discredited by Adam Smith. The points driven home are two. One is, that during the past forty years the increase in British trade with foreign countries, where our flag does not fly, has been greater than the increase of trade with our own colonies, where it does fly. The other is that the 'insurance' rate, that is the millions that we expend upon military and naval armaments in extending and maintaining our Empire, has increased enormously, side by side with an increase of trade which can only be described as moderate. Let us look at the figures. In the year 1855, 76·5 per cent. of our imports came from foreign countries, and 23·5 from British possessions. In 1895, 78·4 per cent. of our imports came from foreign countries, and 21·6 from British possessions. Our exports, which in 1855 were 68·5 to foreign countries,

and 31·5 to British possessions, showed in 1895 a proportion of 70·1 to foreign countries, and 29·9 to our own possessions. That is to say, despite the extension of our own possessions, despite quicker communications and closer relations in every way, despite all that is said and written about Imperial sentiment, trade is not following the British flag, but to the extent of two or three per cent. in forty years has gone away from the flag. Now let us look at what it costs to 'insure' the flag, and with it, on the Imperialistic supposition, the prosperity of British trade. In the year 1873 our trade amounted to £682,292,127, and we spent on armaments £24,065,876. In 1897 our trade had advanced to £745,422,363, but our armaments' bill had risen to £41,238,802. Here is the case against commercial Imperialism put into a nutshell: 'If the insurance premium on our commerce abroad represented by the cost of our navy has risen 100 per cent. in twenty-five years, while the value of that commerce, import and export together, has not risen 15 per cent., what inference can be drawn except either that the outlay is a gross and cruel imposition upon the country, or that our conduct towards foreign nations has become so exasperating of late years as to have enormously increased the risk of war with powerful enemies, either alone or in combination against us?' That the national extrava

gance in the delusive search for markets is calculated to waken grave fears is clear from a remark of Sir Michael Hicks Beach in one of his Budget statements : 'The increase in our expenditure since 1892-3 has been over twelve per cent. ; the increase in our revenue since that time, apart from fresh taxation, has been nine per cent. In five years our navy expenses have gone up forty per cent.' In a private business, what do we call this process of letting the expenditure run up faster than the revenue? We say the firm is living upon its capital. Even when the capital is very big indeed, we say the firm is on the highroad to bankruptcy. In the words of Adam Smith : 'To found a great empire for the sole purpose of raising up a people of customers may at first sight appear a project fit only for a nation of shopkeepers. It is, however, a project altogether unfit for a nation of shopkeepers, but extremely fit for a nation whose Government is influenced by shopkeepers. Such statesmen, and such statesmen only, are capable of fancying that they will find some advantage in employing the blood and treasure of their fellow-citizens to maintain such an empire.'

The root of the whole evil is the fact that as a nation we are trying to unite a Protectionist foreign policy with Free Trade commercial policy. Our foreign relations, viewed from the economic side, rest

on Free Trade; while on the diplomatic and military side they rest on the old Mercantile system. That system, and the foreign policy under the names 'balance of power' and 'balance of trade,' associated with it, were logically united. If nations are natural enemies, if the progress of one nation can only be secured at the expense of the others, then clearly the nation which grabs the most territory, and has the largest number of close colonial dependencies, will be the victor in the great struggle for supremacy. Logically and of necessity colonial fleets and armies, and an aggressive foreign policy resting upon diplomatic manœuvre and intrigue, seem needed to foster trade and encourage Imperial expansion. But with the adoption of Free Trade a new foreign policy should naturally evolve. Free Trade rests, not, like Mercantilism, on national independence, but on national interdependence. Under Free Trade the progress of one nation makes for the progress of all. Fleets and armies are no longer needed to secure a monopoly of trade, to preserve the balance of power, because in obedience to an economic law those countries which are industrially equipped will share in the trade of other countries, even in the teeth of protective tariffs. Free Trade is not synonymous with a clash of interests, but in essence means mutually advantageous exchange

of services. Once this view is reached there flashes on the mind the vision of a time when the whole world will be bound together by the golden chain of enlightened self-interest, a self-interest which recognises the truth that, given the conditions of liberty and justice, the gain of one is the gain of all. Free Trade thus appears in its true light as from the economic side the application of Christian ethics to the international sphere. Nations, instead of being hated rivals, each armed to the teeth lying in wait for the other, are seen to be members of a great federation, each developing its resources to the utmost, and exchanging its products in harmony and with mutual profit. To Adam Smith we owe the ennobling and consoling doctrine of the harmony of international interests. Both by his denunciation of the false theory of antagonism of interests, and by his exposition of the true theory of harmony of interests, Adam Smith demonstrated with scientific completeness that Free Trade, as Cobden happily expressed it, is the international law of God Almighty. This may be considered as Adam Smith's chief achievement—one, as has been truly said, which from its stupendous consequences and effects on national policy would alone entitle him to immortal glory.

CHAPTER VIII

THE 'WEALTH OF NATIONS' (*concluded*)— PRODUCTION AND DISTRIBUTION OF WEALTH

ON coming to the study of the *Wealth of Nations* for the first time, the student is likely to experience a slight shock of disappointment. Having heard Adam Smith referred to as the founder of Political Economy, he naturally expects to find the book a model of scientific construction and exposition. Instead, he finds himself introduced to a series of monographs, comprehensive indeed in range, but discursive in treatment, and by no means logical in connection. Unity of ideas it certainly has, but not unity of plan and method. The first two books, which are devoted to Political Economy, in the proper sense of the term, may be described as theoretic, strongly flavoured, however, with the historic element. The third is mainly historic, and treats of the history of agriculture, and the rise of cities and towns out of the chaos of Feudalism. The fourth book is occupied with the

refutation of the Mercantile and Agricultural systems of Political Economy; and the fifth expounds the principles of taxation and State interference. For the immediate object Adam Smith had in view the arrangement may have been tolerably satisfactory. In the warfare against economic error, the *Wealth of Nations* became a colossal arsenal, from which could be supplied concrete weapons of the most effective description. Minds which could not be reached by arguments of an abstract nature were open to the persuasive influences of historic demonstration. With the lapse of time much of the historic element has become obsolete, and as a natural consequence, students turn with increasing eagerness to the basal ideas of the book. Now, as a thinker, Adam Smith is not seen at his best when dealing with basal ideas. As already shown, his *Theory of Moral Sentiments* failed as a permanent contribution to ethical philosophy, because of Smith's weakness on the side of metaphysical thinking. Just as in the case of his ethical philosophy, Adam Smith has not succeeded in giving the theoretic side of political economy an adequate psychologic basis. To this is undoubtedly due much of the distracting confusion into which economics as a science subsequently fell.

It is a striking evidence of the concrete nature of

Adam Smith's mind that he based his system of ethics on a complex quality like sympathy, instead of reducing it to its simple elements. In like manner he based his political economy upon wealth, without at the outset subjecting it to a close and rigorous analysis. Without troubling himself with a definition of wealth, Smith proceeds to inquire into the wealth of nations. He is quite content, in dealing with the nature of wealth, to consider it in the conventional sense as the creation of labour. In his own words, 'the annual labour of every nation is the fund which originally supplies it with all the necessaries and conveniences of life, which it annually consumes, and which consist always, either in the immediate produce of that labour, or in what is purchased with that produce from other nations.'

The agents which co-operate in creating the national fund of wealth are three—land, capital, and labour. Among these the fund is ultimately distributed, according to principles carefully described and analysed by Adam Smith. The fundamental condition for the successful operation of these principles, according to Adam Smith, is liberty. In his words the interests of society and the individual will best be served by leaving 'every man free, as long as he does not violate the laws of justice, to pursue his own interest in his own way,

and to bring both his industry and capital into competition with those of any other man, or order of men.

It would be highly interesting to summarise Adam Smith's disquisition in his first two books on rent, interest, and wages, as determined by the competitive forces of society, but something more pressing lies to hand, namely, to examine the fundamental ideas of the book in the light of the subsequent history of economic science. As we proceed it will be seen that Smith's definitions, though compatible in his own mind with his creed of industrial harmony on the basis of self-interest, in the minds of Ricardo and his school became the basis of a system of Political Economy resting upon the idea of antagonism of interests. Political Economy became in truth a dismal science.

The subject of Political Economy is wealth ; and it is obvious that if the science is to rest upon an impregnable theoretic basis, we must secure an unassailable definition of wealth. Smith nowhere defines wealth—an omission which was the parent of all subsequent confusions. He begins his book by making the annual labour of every nation synonymous with the wealth fund from which the necessaries and conveniences of life are supplied. Manifestly this is no definition of wealth ; it is simply a definition of the agent by which wealth is produced. The question still remains to be asked —

Whence does the desire for wealth spring? It is not a sufficient answer to say that the desire for wealth springs from a desire to labour. Whence springs the desire to labour? Clearly from the desire to satisfy human wants. Wealth then may be defined as the aggregate of utilities, whether supplied by Nature or created by labour, for the purpose of satisfying human desires.

By giving economic science a physical instead of a psychologic root, Adam Smith represented labour as the cause instead of simply the condition of wealth. If labour is the cause of wealth one is tempted to say that wherever labour is there also is wealth; whereas by making the desire for satisfactions the fundamental cause of wealth, it is easy to perceive that frequently labour when misapplied fails to produce utilities necessary for satisfaction. Moreover, if labour is the cause of wealth, obviously there will be a constant relation between the values of the two things. Hence Adam Smith is led to assert that labour is the real measure of the exchangeable value of all commodities. The value of a thing is determined by the cost of production.

At the hands of Ricardo the doctrine that labour is the cause of value, and that the value of a thing is determined by the cost of production, received further

elaboration and became creative of still further confusion. When Ricardo and his disciple, J. S. Mill, came to study the land question, they saw a section of the community in possession of values which were not the creation of labour. Landowners, in their view, were monopolists who imposed a tax upon the community for the use of the original and indestructible powers of the soil—powers which labour did not create. Carrying the Ricardian theory a stage further, Karl Marx, the philosopher of 'Socialism, declared that capitalists as well as landowners live by exploiting the working classes, who by their labour are the real creators of wealth. Just as the landowner takes advantage of the competition for land to increase rent, so, according to Marx, the capitalist takes advantage of the competition for labour to reduce wages; and thus under the guidance of the Ricardians we reach the gloomy conclusion that those who create wealth, the labourers, are being reduced to misery, while those who do not labour, but simply monopolise the instruments of labour, are increasing in wealth. The intensity of the struggle of the labour class is increased by the Ricardian law of diminishing returns and the Malthusian law of the tendency of population to outrun subsistence. In order to avert the pessimism which threatened to envelop Political Economy, J. S. Mill tried to show

that while the production of wealth was a process beyond the control of Governments, yet Governments could influence the distribution of wealth on the lines of social expediency. As his contribution to the distributive process, he showed how some of the national wealth could be made to flow in the direction of the poor by nationalising the land and seizing the unearned increment ; and so from the optimism of Adam Smith with his doctrine of natural liberty, we have travelled to the pessimism of Ricardo and Mill with their doctrine of Government interference.

Between Smith's harmony of interests and Ricardo's antagonism of interests there is a great gulf fixed. In a previous chapter we blamed Ricardo and Malthus for attributing to Nature evils created by the political injustice of the landed class. It is now apparent why Ricardo and Malthus threw the blame upon Nature. What else but degradation could come to the working classes when they had arrayed against them the wealthy classes and the laws of Nature ? The germ of this false theory is to be found in Adam Smith, whose confusing utterances on labour and value were apparent to a thoughtful student like Francis Horner, who complained of the insurmountable embarrassments of Smith's reasonings on the whole subject.

What then was the root error in Adam Smith's

reasoning about wealth, which when developed by the school of Ricardo turned Political Economy into a gospel of despair? The root error was an inadequate grasp of the idea of wealth. Labour and wealth are not, as Smith and Ricardo thought, indissolubly joined. It is possible to have labour without wealth. A man may labour for months at the production of articles which nobody wants, or he may labour for years at the attempt to discover perpetual motion or the philosopher's stone, and yet end his days in the poorhouse. It is necessary, therefore, to seek for a definition which, while doing justice to labour as the physical factor, will reach deeper to the psychological root of wealth.

Adam Smith's conception of industrial harmony would have been supplied with its true economic foundation had he recognised the fact that labour is not the measure but the means or condition of wealth. The measure of wealth is not labour, but value. When we wish to discover whether a large employer of labour is wealthy, we are not content with examining his wages bill; we go to his ledger to ascertain his profits after he has paid his workers and sold his goods. His surplus is his wealth. The surplus would not have been there without labour, but, as every bankrupt too well knows, there may be the labour without the

surplus. Reduced to its last analysis, the surplus is the reward which accrues to the merchant for satisfying certain human desires better than any one else. The wealth of the capitalist is not obtained at the expense of the workers, but represents the value of his services to the community.

Growing out of Adam Smith's error in too closely identifying labour and wealth was another error, that of taking a too materialistic view of labour. Though alive to the importance of brain-power, Smith nevertheless deals with labour too exclusively from the manual side: and hence he and his successors overlooked the part played by intellectual ability in the production of wealth. In view of the great increase of wealth during the present century, it was quite natural that a generation of workers brought up on the Ricardian theory of labour as the cause of wealth should feel that they were defrauded of their just share of the nation's prosperity. The socialistic propaganda, however, gets a severe check when it is recognised that the great increase in the national wealth is not the creation of labour in the manual sense, but, as Mr. Mallock clearly and ably demonstrates, the creation of labour under the direction of intellect. Mr. Giffen a few years ago calculated that wealth in Great Britain was progressing twice as fast as population. This increase manifestly

is not due to any exertion of labour in the sense of the term as used by Smith, Ricardo, and Mill. The increase is due to the increased power of man over Nature, in the form of scientific discoveries and inventions, and in the marvellous organising power of the captains of industry. It is a mistake to suppose that the particular ability to which the century's increase in wealth is due is the monopoly of the capitalist or any particular class. Indeed, the remarkable feature of industrial history is the frequency with which the kind of ability to which we owe our great increase of wealth was found among the working classes. Watt was a mathematical instrument maker; Wheatstone, inventor of the electric telegraph, was a maker of musical instruments; Arkwright was a barber. The great Joseph Bramah, who introduced so many patents and mechanical improvements, began life as a common farm-boy. Neilson, the inventor of the hot-blast, was a millwright; his father's earnings during many laborious years did not exceed 16s. a week. Roberts, the inventor of the slotting-machine, was a quarryman. Henry Maudsley was brought up as a 'powder-boy' at Woolwich. Clements and Fox, who invented the planing-machine, were brought up respectively as a slater and domestic servant. John Harrison, inventor of the marine chronometer, was the son of a carpenter

and joiner; John Lombe, introducer of the silk industry into England, the son of a worsted weaver; and James Fox, founder of the Derby firm of mechanical engineers, originally a butler. It is a melancholy reflection that the inventors and discoverers had to thrust the fruits of their genius upon their opposing contemporaries. James Watt, for instance, was boycotted by the Glasgow Corporation of Hammermen because he was neither a burghess of the town nor had served his apprenticeship to the trade of mathematical instrument maker. Happily he found refuge in the University building, where, under the kindly nurture of Adam Smith, his genius ripened into a national harvest.

When regard is had to the immense results which have accrued to labour through machinery, surely it should be the policy of the working classes to leave open all the avenues to ability, instead of imposing Trade-Unionist restrictions which tend to perpetuate intellectual mediocrity. The best results of working men's ability are only to be had on the lines of Adam Smith's law of national liberty. The wide and complex areas of trade and commerce caused by machinery created a demand for another kind of ability—organising and directive. Labour, in the old sense of the term, would have been given over to chaos had there not sprung up a certain order of

minds which gave to the confusion of the industrial world something of the orderly energy of an army. The simple direct relations which existed between producer and consumer in pre-machinery days gave place to a relationship so complex that a long and circuitous road lay between buyer and seller. For the simple process of barter mentioned by Adam Smith there came to be substituted a process so complicated that the head of a great industry was transformed into a kind of Von Moltke, whose success lay in his ability to work out on paper and carry into effect a series of elaborate calculations. As Bagehot well says: 'A body of separate labourers has many of the characteristics of a mob; but one acting under the control of a capitalist has many of those of an army. A capitalist provides his labourers with subsistence, directs each what he shall do, and when, and educes the desired result of the whole combination at the proper time, much as a general does. He and his men will live and will produce riches where a mere multitude of labourers will starve. When, in very modern times, it has been endeavoured in schemes of "co-operation" to enable labourers to subsist without dependence on an individual capitalist, it has been necessary, under cloak of the combination, to invent a capitalist in disguise. A common fund subscribed beforehand, an elected board

to invest it, a selected manager to combine it, are all refined expedients for doing in a complex way what the single rich capitalist does in a single way.' Without the captains of industry, the labourers in search of the promised land would find themselves hopelessly lost in the great economic wilderness.

By undervaluing human ability as an agent in wealth-production, Political Economy has failed as the interpreter and the guide of the modern world of industry. It is not difficult to trace the origin of the evil. When Adam Smith began to write, man's power over Nature was limited. Just emerged from the feudal state, man was the victim of ignorance and poverty. The struggle with Nature for subsistence was on the lowest plane. What little wealth there was sprang from physical labour. Quite natural it was for Adam Smith to speak of wealth as the annual product of land and labour, which in his mind meant manual labour. True, he speaks of labour-saving machines, but he never allows his mind to dwell upon the intellectual quality which makes such machines possible. Adam Smith did not see that the intellectual quality would one day become the prime and dominate factor in wealth-production. Ricardo was equally blind to the place and power of machinery as the outcome of the application of ability to industry, and also to the importance of capitalist

ability, which in the act of organising labour has enormously increased its productive power, to the manifest advantage of the wage-earner. Mill also failed to read the signs of the times. He questioned if machinery had done anything to lighten the toil of the worker. In Mill's view, labour is the creator of wealth. Ability has the comparatively easy task of superintending labour, and the capitalist supplies the labour with the means of subsistence till the products are sold, all the while living in idleness on the interest of the loan.

On the one side were the capitalists with their mechanical appliances supplanting hand-labour, and on the other the economists telling the labourer that no matter what he did, wages could not go much beyond the point of bare subsistence. What wonder that in their bitter rage the working classes should take to denouncing political economists and to destroying machinery? The experience of the past sixty years has entirely demonstrated the hollowness of the Ricardian law of wages. Under the reign of machinery, and under the leadership of the great captains of industry, not only has the wealth of the nation increased to a fabulous extent, but the working classes' share has increased both relatively and absolutely.

The idea that capital and labour are natural enemies found scientific expression in Ricardo's Political

Economy. Ricardo puts the matter thus: 'It has been my endeavour to show throughout this work that the ratio of profits can never be increased but by a fall of wages.' Taking their stand upon Ricardo's doctrine, employers naturally sought to keep up profits by keeping wages down, and just as naturally working men set themselves to get wages up by taking profits down. Trade-Unionism thus finds its justification in the Ricardian economics. In its day the Ricardian theory of profits and wages was not devoid of plausibility. In the pre-machinery period, when the market for commodities was comparatively narrow, and when the wages bill was the main element in cost, cheap labour was valued as a means to high profits. Any plausibility which Ricardo's theory had was entirely dissipated by the wide application of machinery to industry. Given a complex social state, with a fund of diverse desires large enough to create a steady demand for machine-made goods, and you have a condition of matters, not only in which the Malthusian theory has ceased to act as a dislocating factor, but also in which the wages of labour increase at a greater ratio than the profits of capital. This generalisation, the honour of which belongs to Bastiat, is amply verified by an analysis of mechanical processes, as well as by the statistics of profits and wages during the past sixty years. We get

within sight of the explanation of this strange fact when we remember that the superiority of machinery over hand labour consists in its power to produce a much larger quantity of wealth than manual labour at a relatively less cost. The force of this is seen in the fact that fortunes in business are now made more by small profits on colossal transactions than by large profits in a small and practically stationary trade. In a highly involved state, where mechanical appliances are strained to the utmost in order to produce both quality and quantity, the demand is for the highest type of workman. Intelligence becomes an important factor in the race for mechanical superiority ; consequently it becomes the highest possible economy to give high wages for good workmen. As the object of high wages is to cheapen the cost of production, it follows that the worker, being also a consumer, benefits in the cheapening of products brought about by his highly paid labour. Thus the worker benefits in a twofold manner, by higher wages and by the increased purchasing power of wages. But that is not all. In the words of Gunton, an American economist : 'A reduction in the price puts commodities within the reach of another large class who were previously unable to consume them, and the market is thereby extended, thus enlarging the income without raising the rate of profit—all of which tends to further

increase the demand for labour and to improve the general wellbeing of the community.' These natural phenomena, the product of what Carlyle in his ignorance used to sneer at as a mechanical age, will only continue to exist if industry is left to the free play of the natural law of liberty.

Unfortunately, here as in the political sphere, Democracy is at present in a retrogressive mood. Thanks to demagogic politicians, the old fallacy is being revived that the concentration of wealth in the hands of capitalists is a curse, and that it is the duty of the State to facilitate and create, if needed, laws of distribution. Mill is greatly to blame for popularising the view that wealth-distribution, unlike production, is a matter of social or political arrangement. From this remark Socialism and Collectivism draw much of their inspiration. The truth of the matter is this: The industrial energy of a nation should be spent upon increasing wealth. If wealth is increased by natural methods, unhampered by Protection, whether in the forms of protective tariffs, land-monopoly, or trade-unionism, its distribution may be left to take care of itself. Is it not highly suggestive that in this country, where concentration of wealth is greatest, the rate of wages is highest, and the distribution of comfort most widely spread? Is not this sufficient to waken Collectivists to a suspicion

of the fact that production and distribution are not two things, but simply two aspects of the same thing? According to the theory here put forth, and which has been fully tested by sixty years' experience, it is the highest interest of the working classes to increase the productive power of the nation, as the greater the product the higher their wages will rise, and the greater will become their purchasing power. Increased wages are given to increased intelligence, which again leads to increased production, thus widening the labour area, and by making a still further demand upon intelligence, again reacting beneficially on wages. In this view the national fund is not like a cistern, whence every quantity withdrawn lessens the total amount, but rather like a reservoir, where the amount withdrawn is continually being more than replaced by the ever-increasing volume of the inflowing rills. Therefore everything that cripples the productive power of the nation keeps down wages, and lessens their purchasing power. According to this view the question of distribution need not be raised. Given an increasing national wealth on natural principles, and, all unseen, the law of distribution will work to the advantage of labour, in an even greater degree than that of capital. Now Trade-Unionism rests upon the idea that capital and labour are naturally antagonistic, that the law of distribution is totally distinct

from the law of production, and that the way for labour to increase its share of wealth-distribution is by regulating the supply of labourers in each trade, by boycotting those who refuse to join the Union, and by keeping wages up to an artificially fixed rate. Such a system can have only one result—restriction of the national wealth, with the consequent relatively high prices to the consumer.

As the labourer is also a consumer, the effect of his regulation of labour is to raise prices upon himself. In the act of maintaining an artificial wage-rate he fixes for himself also an artificial commodity-rate. In the transaction he loses more as a consumer than he gains as a producer, because by keeping up the price of his own particular commodity the workman indirectly tends to keep up the prices of commodities all round, and thus the purchasing power of his wages is artificially weakened to a greater extent than the artificial value he gives to his wages. In a country like ours, where we have a long start in the industrial race, the effects of labour-protection are not visible yet, but with the increasing severity of foreign competition the time will come when the working classes will find trade slipping from their grasp if they persist in short-sighted selfishness in defying the law which at one and the same time regulates wealth-production and free competition. Already some of the evils of labour-protection are upon us. Our

artificially high wages leading to high prices for goods are cutting us out of many of the world's markets, while by their manipulation of the labour market, and by setting up a fixed rate of wages and creating a workman caste—a kind of industrial elect—Trade Unionists are tending to swell the ranks of the unemployed men whose only crime is increasing years. If masters are compelled to pay the Union rate, they will not keep in their employ men, however excellent their character and however long their services, whose physical power is declining. These men sink to an inferior station and help to swell the army of miserably paid workers, upon whose labour the sweating system lives and flourishes. In so far as the Trade Union system fetters liberty of action it creates artificial castes in the labouring world, swells the unemployed, feeds the slum population, keeps up prices, cripples capitalists in the world's market—in a word, impoverishes the nation.

Even if it did nothing else than show that the natural economic forces of the industrial world are making for the benefit of the working classes in the matter of increased wages and increased comforts, Political Economy, as thus interpreted, would deserve to be called the hopeful science. In addition, natural economic forces are bringing another boon within reach of the working classes—increased leisure. It has been the contention

of Trade Unionists and others that apart from State interference the hours of labour could not be reduced. Now State compulsion at the dictate of Trade-Unionism would have a serious aspect. If the eight hours' system, for instance, is adopted with the avowed trade-union object of endeavouring to raise wages by artificially reducing production, then clearly the reduction of hours, by increasing the cost of manufactures, will handicap capitalists in their contest with foreign rivals. Trade unions have sometimes urged the eight hours' scheme on semi-philanthropic lines. They have wished to reduce the hours as a means of absorbing the unemployed. Now it is obvious, that if in addition to the men employed at the nine hours' rate of wages a large number of unemployed are needed to bring production under eight hours up to the old level, the cost of the goods will be greatly increased. Dull trade will follow, and with dull trade will come dismissal of workmen. It rests with the workmen themselves to determine the spirit in which they wish to work the eight hours' system. An eight hours' day on trade-union lines, enforced by Act of Parliament, would have a disastrous effect upon the industry of the country. Trade-union workmen, in obedience to their false economic philosophy, would necessarily do less work in eight hours than in nine hours, and at the same time they would de-

mand to be paid at the old rate of wages. It cannot be too earnestly emphasised that the success of the eight hours' system depends entirely upon its being the result of a voluntary arrangement between masters and men. If recent experiments confirm the opinion that more work can be got out of men working, intelligently and faithfully, eight instead of nine hours, the system will soon become universal on the lines, not of State compulsion, but of enlightened self-interest. As showing that between shorter hours and the interests of capitalists there is no necessary antagonism, a recent return issued by the Board of Trade is highly significant.

According to the return, during 1897 there was a steady upward movement in wages, combined with an equally steady decrease of hours. Only 13,855 persons are reported to have had their wages reduced, as compared with 560,707 whose wages were increased, the total gain to the men being £31,507 per week. If seamen, agricultural labourers, and railway servants had been included, the total increase in weekly wages in 1897 would have been £45,000. As regards hours of labour, 69,572 had their hours reduced, and 1060 had their hours increased, the total net reduction in hours weekly amounting to 284,675. As these reductions of hours were, in the great majority of cases, unaccompanied by a reduction of wages, it is obvious that 1897

has shown an improvement in the position of the working classes whose trades are considered by the Board of Trade. An equally satisfactory part of the report is that which details how the increase of wages and reduction of hours were obtained. The changes in wages arranged by conciliation boards, mediation, or by arbitration, affected 15,522 workpeople, or about $2\frac{1}{2}$ per cent. only of the total, and were mainly in the metal, engineering, and shipbuilding group of trades. The remaining 446,304 workpeople, or nearly 75 per cent. of the total, had their wages altered by personal negotiation or arrangement between the employers and the workpeople or their representatives. Similar results are found in the case of changes in hours of labour. If we look at another part of the report, namely that dealing with the eight hours' day, we again find an admirable understanding prevailing. It is plain, that if an eight hours' day is economically sound it will come about without State interference. It is quite conceivable that while a hard-and-fast rule is applicable to some trades under certain conditions, it would be quite unworkable in others. In the former class of trades an eight hours' day might be an advantage both to masters and men. In such cases it would be introduced in the natural order of things. This is exactly what happened in 1897. During that year the number of workpeople employed

in private establishments who secured the adoption of the eight hours' day more than equalled the number for the previous four years. If, then, such satisfactory progress is being made in this direction, where is the necessity for the intervention of the State? Such interference could not be applied all round, and it would hamper the natural developments which are now taking place. These Board of Trade statistics are a practical endorsement of the theory on which the old Liberals based their faith—namely, that freedom for the people to work out their own salvation is the true path of progress. We have here the germs of economic forces which, if left to evolve naturally, will solve the hours as they are solving the wages problem.

What is the bearing of all this upon Adam Smith's conception of a world of industrial harmony rooted in an enlightened self-interest? Is it not clear, in view of the process which is silently elevating the working classes, that Adam Smith wrote prophetically when he declared that the individual actuated by self-interest is led by an 'invisible hand' to promote the public good, though with no conscious intention. This 'invisible hand' is ability, which in the direction of the captains of science and industry lessens the individual struggle for existence by making man a member of an organised community, whose collective power over Nature reveals

itself, as Bastiat well shows, in a constant transformation of the onerous into the gratuitous utilities of life. Thanks to man's power over Nature, there exists a genuine Collectivism—of which political Collectivism is a spurious imitation—by which the humblest day-labourer, without effort of his own, participates in privileges of which the wealthy of fifty years ago knew nothing. In a real and suggestive sense, the organised power of science and industry gives to the poor of modern days an unearned increment so spontaneous and universally beneficent as to leave behind it no class bitterness, no demoralising influences.

CHAPTER IX

CLOSING YEARS

ADAM SMITH spent three years in London, finishing his great work and superintending its publication. During his stay he mixed freely in literary circles. He was a member of the famous club associated with the names of Johnson, Burke, and Reynolds. He also made the acquaintance of Gibbon, who in a letter to Adam Ferguson says: 'What an excellent work is that with which our common friend Mr. Adam Smith has enriched the public! An extensive science in a single book, and the most profound ideas expressed in the most perspicuous language.'

Smith returned to Scotland in 1776, to find his friend Hume in very indifferent health. Hume, who had made Smith his literary executor, was particularly anxious for him to publish the since famous *Dialogues on Natural Religion*. Smith, whose fund of Scottish caution was considerably larger than his fund of intellectual courage, refused to be the means of stirring

up a theological hornets' nest. Quite unintentionally Smith stirred up the hornets' nest by a letter he wrote describing the death of Hume. Specially galling to the religious world was his description of Hume: 'Upon the whole, I have always considered him, both in his lifetime and since his death, as approaching as nearly to the idea of a perfectly wise and virtuous man as probably the nature of human frailty will permit.'

After Hume's death Smith paid another visit to London. On his return, after a short interval, to Kirkcaldy, he was notified for his appointment as Commissioner of Customs of Scotland, no doubt on the influence of his old pupil the Duke of Buccleuch. This appointment was worth £500, which, with the pension of £300 which he had from the Duke of Buccleuch, made an income more than ample for the plain living and simple tastes of the Kirkcaldy philosopher. Smith's keen sense of integrity, which we saw illustrated in his dealings with his students at Glasgow, when he returned their fees, finds another illustration regarding his pension. On receiving his appointment he expressed a desire to resign the annuity which he had from the Duke—a suggestion to which the Duke replied by saying that Smith seemed more concerned about his own honour than about his patron's. The annuity was continued till death.

Smith's new duties compelled him to remove to Edinburgh, along with his mother, then in extreme old age, and his cousin, Miss Douglas. He took up his abode in Panmure House in the Canongate. Mr. John Rae has so admirably described the great economist's new home, his surroundings and official life, that we cannot do better than reproduce the passages:—

‘The Canongate—the old Court of the Scottish capital—was still at the close of last century the fashionable residential quarter of the city, although Holyrood had then long lain deserted—as Hamilton of Bangor called it,

“A virtuous palace where no monarch dwells.”

The Scottish nobility had their town-houses in its gloomy courts, and great Dowagers and famous Generals still toiled up its cheerless stairs. Panmure House itself had been the residence of the Panmure family before Smith occupied it, and became the residence of the Countess of Aberdeen after his death. Most of his own more particular friends too—the better aristocracy of letters and science—lived about him here. If it was to Edinburgh, as Gibbon remarks, that “taste and philosophy seemed to have retired from the smoke and hurry of the immense capital of London,” it was in the ancient smoke and leisure of the Canongate they found their sanctuary. Robertson flitted out, indeed, to the Grange House; Black—Smith's special crony in this Edinburgh period—to the present Blind Asylum in Nicolson Street, then a country villa, and Adam Ferguson

to a place at the Sciennes, which, though scarce two miles from the Cross, was thought so outrageously remote by the people of the compact little Edinburgh of those days, that his friends always called it Kamtschatka, as if it lay in the ends of the earth. But Kames and Hailes still lived in New Street, Sir John Dalrymple and Monboddoo and many other notabilities in St. John Street, Cullen in the Mint, and Dugald Stewart in the Lothian hut (the town-house of the Marquis of Lothian) in the Horse Wynd. Panmure House is still standing. It is a much more modern structure than the houses near it, having been built towards the middle of last century; and although its rooms are now mostly tenantless, and its garden a cooper's yard, it wears to this day an air of spacious and substantial comfort which is entirely wanting in the rest of the neighbourhood. The building is now used by a saddler, partly as his place of business, and partly as his dwelling-house. William Windham, who dined in it repeatedly when he was in Edinburgh with Burke in 1785, thought it a very stately house indeed for a philosopher. "House magnificent," he enters in his diary, "and place fine," and one can still imagine how it would appear so when the plastered walls were yet white, and the eye looked over the long strip of terraced garden on to the soft, green slopes of the Calton. There was then no building of any kind on or about the Calton Hill except the Observatory, and Dugald Stewart, who was very fond of rural scenery, always said that the great charm of his own house, a few closes up, was its view of the Calton Crags and braes.'

Mr. Rae also gives the reader a vivid glimpse of Smith in the routine of official life :—

'The Custom House was on the upper floors of the Royal Exchange, in Exchange Square, off the High Street, and Kay (the author of the famous portraits) standing in his shop at the corner of the Parliament Close, must often have seen Smith walk past from his house to his office in the morning, exactly as he has depicted him in one of his portraits—in a light-coloured coat, probably linen, knee-breeches, white silk stockings, buckle shoes, and flat broad-brimmed beaver hat, walking erect with a bunch of flowers in his left hand, and his cane, held by the middle, borne on his right shoulder, as Smellie tells us was Smith's usual habit, "as a soldier carries his musket." When he walked his head always moved gently from side to side, and his body swayed, Smellie says, "vermicularly," as if at each alternate step "he meant to alter his direction, or even to turn back." Often, moreover, his lips would be moving all the while, and smiling in rapt conversation with invisible companions. A very noticeable figure he was as he went up and down the High Street, and he used to tell himself the observations of two market-women about him as he marched past them one day: "Heh sirs," said one, shaking her head significantly. "And he's weel put on too," rejoined the other, surprised that one who appeared by his dress to be likely to have friends should be left by them to walk abroad alone.'¹

As a Government official, Adam Smith doubtless discharged his duties with painstaking conscientiousness, but his habits as a solitary student, and his tendency to reverie, must have detracted considerably

¹ *Life of Adam Smith*, pp. 125, 126.

from his value as a public servant. Curious stories are told of his absent-mindedness. On one occasion, instead of appending his signature to an official document, he imitated the preceding signature. Those of Smith's contemporaries who have left behind them their impressions, all emphasise his absent-mindedness. Dr. Carlyle says :—

‘He was the most absent man in company that I ever saw—moving his lips, and talking to himself, and smiling in the midst of large companies. If you awaked him from his reverie, and made him attend to the subject of the conversation, he immediately began a harangue, and never stopped till he told you all he knew about it, and with the utmost philosophical ingenuity. He knew nothing of characters, and yet was ready to draw them on the slightest invitation. But when you checked him or doubted, he reacted with the utmost ease and contradicted all he had been saying. His journey abroad with the Duke of Buccleuch cured him in part of these foibles, but still he appeared very unfit for the intercourse of the world as a travelling tutor.’

It is related of him that on one occasion he was invited to Dalkeith Palace to meet a distinguished statesman. In the course of the conversation, Smith fell into a reverie and began to discuss in unflattering terms the qualities of the guest. On being called to a sense of the situation, he muttered in apparent and obvious confusion : ‘Deil care, deil care ; it’s all true.’

In his excellent sketch, Smellie relates how Smith used to walk in the country with Dr. Hutton, who was kept incessantly talking without getting response from his companion. Smith would walk on, moving his lips, and muttering to himself. When Smith did talk, his style is said to have been of the lecture-room type rather than of the kind associated with the spontaneous freedom of daily life.

At this period of his life Adam Smith gave himself up to the pleasures of social intercourse. He was a member of the Oyster Club, which met every Friday at ten o'clock in the Grassmarket, and which was attended by Hutton, Black, Ferguson, Playfair, and the notabilities of Edinburgh literary and scientific life. Between official duties, social pleasures, and literary study of a discursive nature, Smith's time was so fully occupied as to leave no margin of leisure for prolonged study of those subjects which he had made peculiarly his own. His official duties, though light, dissipated his attention, and it was only when it was too late that Smith made the discovery that the world would be deprived of the benefit of his years of meditation. According to Dugald Stewart, the principal materials of a work on Government were collected, and probably all that was needed was a few years of health and retirement to give his thoughts systematic shape and literary form.

Adam Smith's name has been so closely associated with economic science that his interest in literature pure and simple has received little or no attention. His keen interest in literature was exhibited in his early days, when, under the influence of Lord Kames, he lectured in Edinburgh. That interest continued all through his life. His travels in France brought him into close relations with the masters of the French school, with whom he had close affinities, and his repeated visits to London brought him into touch with the leading literary men of the age. Those who like to think of Adam Smith as a man of wide culture as well as deep philosophic insight are grateful to the editor of *The Bee*, an Edinburgh weekly magazine published about the close of last century by Dr. James Anderson, the discoverer of the theory of rent, with which Ricardo's name became identified. In that magazine appeared, several years after Smith's death, an account of an interview which the writer, who signed himself 'Amicus,' said he had with the great philosopher in the year 1780. Of Johnson, according to 'Amicus,' Smith had a very contemptuous opinion.

"I have seen that creature," said he, "bolt up in the midst of a mixed company, and, without any previous notice, fall upon his knees behind a chair, repeat the Lord's Prayer, and then resume his seat at table. He has played

this freak over and over perhaps five or six times in the course of an evening. It is not hypocrisy, but madness. Though an honest sort of a man himself, he is always patronising scoundrels. Savage, for instance, whom he so loudly praises, was but a worthless fellow ; his pension of fifty pounds never lasted him longer than a few days. As a sample of his economy, you may take a circumstance that Johnson himself once told me. It was at that period fashionable to wear scarlet cloaks trimmed with gold lace, and the Doctor met him one day, just after he had got his pension, with one of these cloaks upon his back, while at the same time his naked feet were flickering through his shoes." Smith was no admirer of the *Rambler* or the *Idler*, and hinted that he had never been able to read them. He was adverse to the contest with America, yet he spoke highly of Johnson's political pamphlets. But above all, he was charmed with that respecting Falkland's Islands, as it displayed in such forcible language the madness of modern wars. . . . He was no sanguine admirer of Shakespeare. "Voltaire, you know," says he, "calls Hamlet the dream of a drunken savage."—"He has good scenes, but not one good play." The Doctor, however, would not have permitted any one else to pass this verdict with impunity ; for when I once afterwards, in order to sound him, hinted a disrespect for Hamlet, he gave a smile, as if he thought I would detect him into a contradiction, and replied, "Yes, but still Hamlet is full of fine passages." He had an invincible contempt and aversion for blank verse, Milton always excepted.'

In reference to Smith's disparagement of blank verse, it is interesting to note the remark of Johnson when told

of the fact by Boswell: 'Sir, I was once in the company of Smith, and we did not take to each other; but had I known that he loved rhymes as much as you tell me he does, I should have hugged him.' Of Pope, Smith thought highly, but he disliked his private character. He was loud in praise of Dryden, who, he thought, might have made rhyming tragedies as popular in this country as in France had he been possessed of a tenth part of Shakespeare's genius. 'Amicus' endeavoured to say a good word for *The Gentle Shepherd*, but Smith would have none of it. He contended that 'it was the duty of a poet to write like a gentleman. I dislike that homely style which some think fit to call the language of nature and simplicity, and so forth.' From this it may be inferred that Smith would not readily have sympathised with the reaction to which Burns gave such great impetus from the artificial poetry of the Pope school. Burns, by the way, just missed an interview with Smith, who had gone to London the day before the poet called. For Burns the man Smith would have had the greatest regard, but he would have been quite unable to enter into the spirit of the new movement towards Nature of which Burns was the greatest exponent.¹ Adam Smith's mind was cast in the eighteenth-century

¹ It is interesting to note that the name of Adam Smith is down for four copies in the subscribers' list to the second edition of Burns.

mould. In literature, as in religion, the eighteenth-century thinkers, weary of violence, fanaticism, and enthusiasm, turned from the volcanic minds of the previous centuries in literature as well as in theology. Everything was discarded that could not be measured by the standard of common-sense and good taste—hence the disparagement which Shakespeare suffered at the hands of Voltaire, Hume, and Smith.

In a subsequent number of *The Bee*, a letter appeared from a writer who signed himself ‘Ascanius,’ identified by Mr. Rae as the Earl of Buchan. ‘Ascanius’ protests against the publication of the private opinions of Smith, who, he says, would rather have had his body exhibited in a museum than have his private opinions thrown broadcast upon the world. ‘Ascanius’ does not say the opinions are wrong; in fact, in the course of his letter he not only assumes their correctness, but gives the reader some interesting facts which throw great light on Smith’s personality. ‘Ascanius’ says:—

‘He was a great man, but no doubt had his weaknesses. They were the weaknesses of a good man, who had seen much of the surface, but little of the interior of what is commonly called the world. . . . The three great avenues to Smith were: his mother, his books, and his political opinions. The conquest of him was easy through these channels, and this came to be very soon known by the dolphins that played in the wake of his great navigation in

literature. He approached to republicanism in his political principles; and considered a commonwealth as the platform for a monarchy, hereditary succession in the chief magistrate being necessary to prevent the commonwealth from being shaken by ambition or absolute dominion introduced by the consequences of contending factions. Yet Pitt and Dundas, praising his book and adopting its principles in Parliament, brought him down from London a Tory and a Pittite instead of a Whig and a Foxite, as he was when he set out. By and by the impression wore off, and his former sentiments returned, but unconnected either with Pitt or Fox or anybody else. . . . Smith's well-placed affection for Hume, as a man, hindered him from being a Christian, from the same foible I have already described. He had no ear for music, nor any perception of the sublime or beautiful in composition, either in poetry or language of any kind. He was too much of a geometrician to have much taste, though he had the justest perception of moral beauty and excellence. . . . In many respects Adam Smith was a chaste disciple of Epicurus, as that philosopher is properly understood.'

In April 1787 Adam Smith made another journey to London—his last. By this time disease was laying its heavy hand upon him. He had received various signs of failing vitality, and one of his objects in going to London was to consult his friend Dr. John Hunter. Smith, we are told, was wasted to a skeleton. Still he was able to move in society. Just at this time Pitt was in the heyday of his fame, and he had imbibed the

ideas which permeate the *Wealth of Nations*. It was natural that common friends should seek to bring the two great men together. They met at Dundas's house, Addington, Wilberforce, and Grenville being present. Smith was late of arriving, and immediately the whole company rose to receive him. 'Be seated, gentlemen,' said Smith. 'No,' replied Pitt; 'we will stand till you are first seated, for we are all your scholars.'

On Smith's return to Edinburgh a pleasant surprise awaited him. He was chosen Lord Rector of Glasgow University. Mr. Rae records the interesting fact that among the students was Francis Jeffrey, who at this time was an aggressive Tory, and as such keenly opposed to Adam Smith. 'Principal Haldane, who was also a student in Glasgow at the time, used to tell of seeing Jeffrey—a little black, quick-motioned creature, with a rapid utterance, and a prematurely developed moustache, on which his audience teased him mercilessly—haranguing a mob of boys on the green, and trying to rouse them to their manifest duty of organising opposition to the Professors' nominee.' Smith was profoundly touched by the honour. In his letter on receiving intimation of the appointment he gives expression to his satisfaction. He was installed on 12th December 1787, but he gave no inaugural address, probably on account of the state of his health.

Adam Smith's earthly sojourn was drawing gradually to a close. Since the death of his mother, which took place in 1784, in her ninetieth year, he had suffered from loneliness, which doubtless aggravated his physical troubles. His cousin, Miss Douglas, who had long been his mother's companion, did not long survive her, and then indeed Smith's loneliness was complete. What could fame do for a man who just in his hour of direst need found his domestic ties ruthlessly cut asunder? Those who resented his description of Hume's death saw in the prolonged sorrow of Smith over the loss of his mother striking evidence that he, like his infidel friend, belonged to those who sorrow as if they had no hope!

Dugald Stewart has left on record a description of the last days of Smith :—

‘Some time before his last illness, when Mr. Smith had occasion to go to London, he enjoined his friends to whom he intrusted the disposal of his manuscripts, that in the event of his death they should destroy all the volumes of his lectures, doing with the rest of his manuscripts what they pleased. When he had now become weak, and saw the approaching period of his life, he spoke to his friends. They entreated him to make his mind easy, as he might depend upon their fulfilling his desire. He was then satisfied. But some days afterwards, finding his anxiety not entirely removed, he begged one of them to destroy the volumes immediately. This accordingly was done, and his

mind was so much relieved that he was able to receive his friends in the evening with his usual complacency.

'They had been in use to sup with him every Sunday evening, and that evening there was a pretty numerous meeting of them. Mr. Smith, not finding himself able to sit up with them as usual, retired to bed before supper, and as he went away he took leave of his friends, saying, "I believe we must adjourn this meeting to some other place." Mr. Riddell, an intimate friend of Mr. Smith, who was present at one of the conversations on the subject of the manuscripts, mentioned to me that Mr. Smith regretted "he had done so little." "But I meant," said he, "to have done more, and there are materials in my papers of which I could have made a great deal. But this is now out of the question."'

Before another Sunday came round Adam Smith was dead. He expired on Saturday, 17th July 1790. He is buried in Canongate Churchyard, not far from the grave of Fergusson the poet. A simple unpretentious stone informs the visitor that underneath rests Adam Smith, the author of the *Wealth of Nations*. He needs no colossal monument. He lies for ever enshrined in the great mausoleum of history.

CHAPTER X

PERSONAL CHARACTERISTICS

'GREAT geniuses,' says Emerson, 'have the shortest biographies. They live in their writings.' The thinkers and reforming statesmen of the time were quite alive to the far-reaching issues of Adam Smith's economic generalisations, but to the mass of his contemporaries he was simply a sedate, absent-minded Scotsman, who lived a humdrum life in the region of dry and forbidding speculation. His death made little stir. Those who knew his real worth were greatly astonished at the public apathy. This feeling finds expression in a letter, quoted by Mr. Rae, from Sir Samuel Romilly to a French lady who had wanted a copy of the new edition of the *Theory of Moral Sentiments*. Sir Samuel says: 'I have been surprised and, I own, a little indignant to observe how little impression his death has made here. Scarce any notice has been taken of it, while for about a year together after the death of Dr. Johnson nothing was

to be heard of but panegyrics of him—lives, letters, and anecdotes,—and even at this moment there are two more lives of him to start into existence. Indeed, one ought not perhaps to be very much surprised that the public does not do justice to the works of A. Smith, since he did not do justice to them himself, but always considered his *Theory of Moral Sentiments* a much superior work to his *Wealth of Nations*.¹ In Edinburgh, where better things might have been expected, the public interest, or rather apathy, was reflected in two meagre paragraphs of his death in the newspapers. Lord Cockburn has left it on record that in his day all that seemed to be known of the founder of the science of Political Economy was that he had been a Commissioner of Customs and had written a sensible book. To Dugald Stewart is due the honour of presenting the world with something like a delineation of the personality of Adam Smith. Stewart's account of Smith's life and writings, read to the Royal Society of Edinburgh on January 21 and March 18, 1793, was the first sustained attempt to do justice to the memory and genius of the great thinker. Not much more was done till, in 1895, Mr. John Rae produced his *Life of Adam Smith*, a work of immense research, characterised by marvellous lucidity of treatment. The dry details of Smith's life, gathered from

out-of-the-way corners, are woven into a literary whole by Mr. Rae with an artistic skill and historic instinct which make the book as intellectually satisfying as it is biographically authoritative. Between them Stewart and Rae bring the reader into contact with Adam Smith the man as well as with Adam Smith the solitary thinker.

Referring to his general demeanour, Dugald Stewart remarks that Smith was certainly not fitted for the general commerce of the world, or for the business of active life. The comprehensive speculations with which he had been occupied from his youth, and the variety of materials which his own invention continually supplied to his thoughts, rendered him habitually inattentive to familiar objects and to common occurrences; and he frequently exhibited instances of absence which had scarcely been surpassed by the fancy of La Bruyère! Even in company he was apt to be engrossed with his studies; and appeared at times, by the motion of his lips as well as by his looks and gestures, to be in the fervour of composition. Illustrative of his mental absorption, it is related that during his residence at Kirkcaldy, presumably when the *Wealth of Nations* was being written, one Sunday morning Smith went out in his dressing-gown to walk in the garden, but happening to step out to

the road, he walked on till he found himself in Dunfermline, just as the people were going to church.

Adam Smith's solitary habits and subjectivity produced one conspicuous defect: he was strikingly incapable of reading character. His estimates of individuals, according to Stewart, were in a surprising degree wide of the truth. Speaking of Smith's general appearance, Stewart says: 'In his external form and appearance there was nothing uncommon. When perfectly at ease, and when warmed with conversation, his gestures were animated and not ungraceful, and in the society of those he loved his features were often brightened with a smile of inexpressible benignity. In the company of strangers his tendency to absence, and perhaps still more his consciousness of this tendency, rendered his manner somewhat embarrassed—an effect which was probably not a little heightened by those speculative ideas of propriety which his recluse habits tended at once to perfect in his conception and to diminish his power of realising. He never sat for his picture, but the medallion of Tassie conveys an exact idea of his profile, and of the general expression of his countenance.' According to Mr. Rae, two portraits of Smith were made by Kay. All other likenesses are founded on those of Tassie and Kay. 'Smith was of middle height, full but not corpulent,

with erect figure, well-set head, and large grey or light blue eyes, which are said to have beamed with inexpressible benignity.'

As was to be expected from the general cast of his mind, Adam Smith as a writer was somewhat slow and laborious. Not long before his death he told Dugald Stewart that, after all his practice in writing, he composed as slowly and with as great difficulty as at first. Mr. Hume, he added, had acquired so great facility in composition, that the last volumes of his *History* were printed from his original copy, with a few marginal corrections. The difference between the two writers may be due to the fact that Hume wrote his works with his own hand, while Smith walked up and down the room dictating to a secretary. In this connection is a curious remark by Robert Chambers, in his *Picture of Scotland*, that it was Smith's habit, in dictating, to stand with his back to the fire, and in the process of thought his head used to rub against the wall, upon which a mark was left from the pomatum with which Smith's head was dressed, after the prevailing fashion. His mother, his friends, his books—thus does Mr. John Rae sum up Adam Smith's three great joys. Dugald Stewart hints of a time when Smith was visited by another passion. 'In the early part of Mr. Smith's life,' says Stewart, 'it is well

known that he was for several years attached to a young lady of great beauty and accomplishment. How far his addresses were favourably received, or what the circumstances were which prevented their union, I have not been able to learn; but I believe it to be pretty certain that after his disappointment he laid aside all thoughts of marriage. The lady to whom I allude died also unmarried. She survived Smith for a considerable number of years, and was alive after the publication of the first edition of this memoir. I had the pleasure of seeing her when she was turned eighty, and when she still retained traces of her former beauty. The powers of her understanding and the gaiety of her temper seemed to have suffered nothing from the hand of Time.'

When Adam Smith's personality is carefully analysed the reason of the public apathy at the time of his death becomes obvious. A solitary thinker, out of touch with the theological sympathies of his countrymen, and indifferent to the prevailing parochialism, Smith was an intellectual alien. A sensitive plant, he shrank from the uncongenial influences by which he was surrounded. In the public mind his friend Hume bulked considerably, but that was not because he was more in touch with Scottish sympathies than

Smith, but because of his greater intellectual aggressiveness. On the all-absorbing theme of human destiny Smith was silent; consequently he lived in a state of mental isolation. In this attitude he was confirmed by his temperament, which was not favourable to social expansion. 'Some people,' says Emerson, 'are born public souls, and live with all their doors open to the street. Close beside them we find in contrast the lonely man, with all his doors shut, thoughtful, shrinking from crowds, full of thought, but paralysed and silenced by those boisterous masters; and though loving his race, discovering at last that he has no proper sympathy with persons, but only with their genius and aims.' In the case of Adam Smith the sense of loneliness was not even relieved by a sense of sympathy with the aims of his countrymen. Smith and his few friends looked askance at the ideals of his contemporaries, and were sceptical of their enthusiasms. With their endeavours restricted to the purely secular side of human activity, their lives seem colourless when contrasted with the actors in the great theological drama of the sixteenth and seventeenth centuries. In Adam Smith and his circle we have the keen analytic side of the French intellect of the eighteenth century combined with the shrewd, calculating, and somewhat prosaic qualities of the

canny Scot. At this distance we can readily detect the limitations of the Smithian type of mind. Within its limitations, however, the genius of Smith was a potent influence, and had far-reaching issues. In the sphere of international economics his place is with the immortals. If his personality lacked the dramatic element, it was eminently harmonious. In the midst of his intellectual absorption he kept the fountains of his heart ever open. Adam Smith was no dry-as-dust speculator on mundane affairs; his emotional interest in humanity was intense. To outsiders he might seem cold and reserved, but those who knew him intimately record that he was not only a great thinker but a good man. Sir James Mackintosh had the happy fortune to know Adam Smith, Ricardo, and Malthus. 'Is it,' says Sir James, 'not something to say for a science that its three greatest masters were about the three best men I ever knew?'

CHAPTER XI

THE FUTURE OF POLITICAL ECONOMY

IN a work dealing with Adam Smith there is an obvious fitness in an endeavour to forecast the development of the science with which his name is inseparably associated. Since his day the history of Political Economy has been somewhat chequered. From the publication of the *Wealth of Nations* till about 1818, Political Economy exercised little influence upon the public mind. Its political influence dates from the time when the small but influential band of thinkers known as philosophic Liberals began to apply economic ideas to the huge mass of fiscal anomalies which, under the name of Protection, were causing misery among the poor, and strangling trade and commerce. By his writings and his parliamentary career, aided by the powerful advocacy of James Mill, Ricardo lifted Political Economy out of the region of scientific abstractions into the sphere of concrete activity. At the time when its influence was greatest in practical life, Political Economy

was gradually narrowed from the comprehensive form which it received from Adam Smith, into a system of doctrines logically deduced from a few leading first principles. So intellectually secure was Ricardo believed to have made the theoretic foundations of the science, that in twenty years it was said scarcely a doubt would exist respecting its fundamental principles. In the establishment of Free Trade, Political Economy achieved a victory positively dramatic. Many people who cared little for the process of reasoning which underlay the theories of Ricardo, were ready to take on trust a system of thought which in the national life had proved a force as beneficial as it was liberating. Here and there dissentient voices were faintly heard. Malthus, for instance, declared that the main structure which Ricardo had raised would not stand. The orthodox school, however, held the practical field, and they ultimately annexed the speculative as well. So firmly established did Ricardian economics seem to be, that in 1848 J. S. Mill undertook the task of producing a work to replace the *Wealth of Nations*, which in Mill's opinion was 'in many parts obsolete and in all imperfect.'

It was the fate of Mill, in the effort to found Political Economy on a rock, to introduce antagonistic lines of thought which ultimately weakened the structure, which

later critics brought to the ground. Mill's attempt to unite individualistic and socialistic conceptions has left his book on Political Economy a magnificent ruin. His abandonment of the wages fund theory, and his confusion on the subject of value, proved to be the sluices through which there poured in a flood of destructive criticism from the historical and mathematical schools. But perhaps the severest blow came from Comte, who disputed the claim of Political Economy to rank as an independent science at all. In his view it is impossible to isolate wealth-production from other social phenomena and to organise its laws in the form of economic science, inasmuch as society is a complex organism whose parts are in intimate and reciprocal relations.

It does not follow because Political Economy has erred on the side of crude definitions and arbitrary generalisations, that it must be denounced as useless, and condemned to be absorbed in the wider and all-embracing science of Sociology. Comte and his English followers entirely misunderstand the nature and scope of Political Economy, which in his view stood condemned because it gave no guidance on the complex question of the relation of individualism to the intellectual and ethical development of man and society. Had Political Economy pretended to be a

complete science of society in all its various aspects, Comte's destructive criticism would have ample justification ; but no Political Economist, however narrow his creed and bigoted his mind, ever taught that the production of wealth was the highest function of society ; indeed M'Culloch, whom Ingram treats with studied contempt, was haunted by the social problems of his day, and constantly breaks away from his hard, dry, mechanical reasonings to consider the lot of the working classes under a system of free trade and competition. The Comteans have grossly misrepresented the aim and work of the Economists. Recognising that no society, in the true sense of the term, was possible without wealth, the Economists set themselves to investigate the laws which determined the production and distribution of wealth. Comte might just as well have denounced biologists on the ground that to isolate from other sciences the study of physical growth and health was to countenance the notion that the highest ideal of social life was the production of athletes utterly devoid of intellectual and ethical culture. Between Political Economy and Sociology there is no such incompatibility as Comte supposes ; in truth, without the data supplied by Economists Sociology would be seriously defective as a science of society. Comte's failure to reconstruct society on the lines of scientific ideas is precisely

due to having no firm grasp of the economic facts which, unnoticed by him, were carrying civilisation past mere materialism on to the higher things of the mind.

What then was the method of the Economists which roused the ire of Comte? The method is precisely the one which in science has proved so fruitful in discoveries, and which has the entire endorsement of the evolution philosophy. In the endeavour to discover the cause of a mass of complex phenomena a student of science begins by simplifying his work by ignoring all details of an irrelevant character. As Herbert Spencer remarks, had Newton not eliminated from his study of planetary phenomena numerous important but secondary details, it would have taken him all eternity to discover the law of gravitation. What Newton did was to seize upon the dominating and all-embracing law of the material Universe—a law which, once discovered, could be used to reduce to order the clusters of phenomena which previously had no apparent coherence or unity. Similarly, in their search for the dominant factor in social progress, the Economists deliberately eliminated the complex evidences of that progress in the shape of ethics and culture, and tried to seize the fundamental quality in human nature which made society itself possible. That fundamental fact they found to be the possession by man of desires for material things which he seeks to

gratify with the least possible trouble. From that necessarily springs labour, in order not only to satisfy immediate desires, but also to secure a surplus of wealth for the gratification of future desires. Man's physical necessities, impelling him in the first instance to conduct of an egoistic kind, form the basis of a material civilisation resting upon the wealth-creating instinct. Political Economy, then, may be described as the science of man, viewed from the side of self-interest, as a wealth-producer. Man is much else. He is a thinking, living, self-sacrificing being, but the higher virtues which he now possesses would not flourish at all had they not been at the first deeply rooted in and nurtured by self-interest.

Comte's great error as a philosopher lay in his neglect of the biological root of Sociology. With him the intellect was the prime factor in evolution. With him intellectual expansion was the cause of progress, whereas, as Spencer so clearly shows, man is impelled on the path of progress mainly by his desires. Comte's preference for ideas leads him to construct a theory of society in which everything is subordinated to certain leading intellectual conceptions, instead of making a patient study of man's desires, and seeing how the overmastering desire for wealth culminates in a state of society so far removed from the claims of

physical necessities as to leave leisure for the cultivation of all the virtues and graces of a rich civilisation. We are now familiar with the Spencerian view of individual life as a process of adjustment with the environment. Civilisation is simply the same process on a large scale, whereby man's whole nature, physical, intellectual, and moral, develops in all its wonderful complexity in response to a social environment, also increasing in complexity. It is the function of Sociology to trace the relations existing between complex human organisms and their complex social environment. The function of Political Economy, humbler yet indispensable, is to trace the relations which exist between man and his fellows as producers of wealth, without which humanity would still be at the stage of savagery.

In what then consisted the error into which Political Economy fell, and which brought it into discredit? As was indicated in a previous chapter, the orthodox Economists, by their erroneous conception of labour, postulated a fundamental antagonism of economic interests in society, whereby civilisation naturally and irrevocably divided itself into a select minority of favoured rich, and a large majority of ill-favoured poor. The task which now lies before Economists is to reconstruct their science on the basis of the

evolutionary conception of society. That conception, of which Adam Smith alone of all the Economists had a vision, may be briefly stated as a gradual evolution from a savage state of semi-isolation and warlike antagonism, in which the gain of the few is secured at the expense of the many, to a civilised state of industrial co-operation in which the gain of the few becomes the gain of the many. Hitherto, Political Economy has looked upon the industrial world as hopelessly given over to class antagonisms, which can only be moderated by the help of the State in the form of a terrestrial Providence manifesting itself in continual interferences in order to correct the inequalities of life. The conception of life which underlay the orthodox school of Ricardo had a curious affinity with Calvinism, with its sombre view of human nature—a view which would naturally commend itself to James Mill, who, like Carlyle, had departed from the Calvinistic creed, and, like Carlyle, retained the Calvinistic temperament. The new view of Political Economy does not, as is frequently represented, ignore the terrible evils of the present industrial system. Thinkers like Bastiat, who have most successfully anticipated the spirit of the evolution philosophy, are not satisfied with things as they are, though they do not look to the State as an agent in social amelioration. They do not, like the

Ricardians, fold their arms in hopeless fatalism as if civilisation were a Juggernaut car which needed its yearly victims. The new school of Political Economists calls upon the State to attend to its proper work, that of securing liberty and justice, trusting to the spread of sound economic knowledge among masters and workmen to lead to the following true conceptions: that human interests are harmonious; that the greater the production of wealth, the wider and deeper will be its distribution; that with the rise of the standard of comfort will come shorter hours for the workers, increased facilities for intellectual culture, æsthetic enjoyment, and all that goes to make life elevating, refining, and inspiring. Thus economic and ethical forces insensibly blend. Human history, beginning with a sordid struggle for existence and a moral code steeped in blood, ends with an harmonious civilisation and Spencer's 'Data of Ethics.' Thus, across the century Herbert Spencer and Adam Smith join hands in recognition of the truth that civilisation with all its fulness is being naturally evolved from the dual root of self-interest and sympathy, blossoming into the sturdy independence of individualism and the fragrance of self-sacrificing comradeship.

It is usually taken for granted that language like this is appropriate only in a believer in a Ruskinian type of

Political Economy, which, disdaining facts, leads the student into a kind of transcendental dreamland. Even Ruskin was closer to the Utilitarian economists than he knew. The time has come for an attempt at reconciliation between Ruskin and the Economists. Ruskin's root-error was his total inability to grasp the significance of machinery as an ethical factor in industry. In the spirit of an idealist, and feeling intensely with his artistic temperament the barbarism and misery of a materialistic civilisation, Ruskin saw no hope for humanity on the path mapped out by the Economists. In his scornful way he poured the vials of his literary wrath upon those who nurtured their minds upon Board of Trade statistics, and whose national ideal was an England whose exchequers were bursting with gold and silver, while the workers were sinking ever deeper in poverty and degradation. Like a poet born out of due season, Ruskin turned with disgust from an age of competition and machinery to an imaginary past of rural simplicity, in which poverty was not without its compensations in the shape of closer and sweeter human relationships, rooted in the soil.

Ruskin contended that the Economists had gone fatally wrong in their conception of wealth and value. He contended that wealth depended not upon material things, but upon the uses to which they were put, and

that value in its ultimate analysis was synonymous with the most highly developed forms of human life. According to Ruskin, the wealth of a nation consisted, not, as the Economists say, in the aggregate of utilities furnished by labour, but in as many as possible of full-breathed, bright-eyed, happy-hearted human beings. Ruskin failed entirely to see that precisely those mechanical and economic forces which he was opposing were silently making for the equalising of human conditions and the elevation of the great army of workers. He was blind to the fact that a civilisation resting upon manual labour, and supplied by hand-made goods, must necessarily involve the hopeless poverty of the workers. In such a civilisation labour must necessarily be cheap. As the outcome of machinery, wages are increased, and the necessities of life cheapened, whereas in the pre-machinery days the situation was reversed—labour was cheap and the necessities of life dear. Notice how, by means of the extensive use of mechanical power, we are brought within sight of Ruskin's ideal. In his view we should speak of men as valuable and commodities as cheap. Well, when we say that wages are increasing, what does that mean but that men as workers are increasing in value? And when we say that the necessities of life are growing cheaper, what does that mean but that commodities are falling in

value? The ancient civilisations fell because man, the worker, was of no value; he was treated as a commodity to be bought and sold—as an instrument to be used for the selfish enjoyment of a minority, whose corruption brought social ruin. Modern civilisation contains the elements of endurance, because man, the worker, is increasing in value with every increase in intelligence and morality. As man the worker is also man the consumer, it is clear that every advance in intelligence, leisure, and morality must raise the standard of society, till intellectual and æsthetic pleasures will take the place of the primitive amusements to which the working classes are yet mainly addicted. When Political Economy rids itself of its erroneous notions of value, when it ceases to hold the materialised view that labour is the cause of value, it will be in a fair way to play a noble part in the industrial state of the near future. Once economists grasp the full significance of the fact that progress industrially is synonymous with the increasing value of the worker, once it is seen that high wages as the outcome of high intelligence are indissolubly associated with cheapened commodities and increasing profits, all public and private forces will work for the physical, intellectual, and moral elevation of labour. The fittest capitalist to survive in the great industrial struggle for

the first place in supplying the wants of the community will be the capitalist who has around him the finest band of workers, intellectually and morally. Here, as elsewhere, demand creates supply. We see the elevating process at work in the demand which has sprung up for scientific and technical training of workmen as a means of keeping our place in the great industrial race. Such a training must have results far beyond the economic sphere—it must react powerfully on the whole intellectual status and moral fibre of the working classes.

The bearing of this on social evolution is at once apparent. If, according to the old Economists and Mr. Ruskin, industrial forces are constantly seeking to depress the individual, clearly the efforts of reformers will be largely devoted to providing counteractive agencies in the shape of denunciations of the spirit of money-getting and of competition. If, however, we can detect in the industrial world, under the play of economic forces, the germs of intellectual and ethical progress, the duty of reformers will consist, not in denouncing, but in encouraging wealth-production along the natural lines of just competition. It is precisely through that process, as we have seen, that man increases in value and commodities decrease. The gradual transference of the idea

of value from things to man is bound to link Political Economy with Ethical Science. It will ultimately be seen that the important duty of the economist is to encourage all movements and foster all agencies which tend to increase the economic value of man—an increase only possible on the lines of higher intelligence, purer morality, and greater variety of refined tastes. Man, who in the early stages of civilisation is used only as a means to wealth, becomes in the later stages both means and end. Man no longer lives to work ; he works to live. Increasing wealth enables him to devote his energies to the deepening and widening of his personality : culture, not money-getting, becomes the ideal of humanity. Thus as man rises in value, wealth comes to be measured not by a material standard but by its power to help forward the great evolutionary movement which is carrying humanity on the road to fulness of life, physical, intellectual, and moral. By means of competition and machinery, which Ruskin despises, society is being brought ever nearer his own ideal as outlined in *Unto this Last* : ‘I can even imagine that England may cast all thoughts of possessive wealth back to the barbaric nations, among whom they first arose, and that while the sands of the Indus and adamant of Golconda may yet stiffen the housings of the charger

and flash from the turban of the slave, she, as a Christian mother, may at last attain to the virtues and treasures of a Heathen one, and be able to lead forth her sons, saying—

These are my jewels !'

APPENDIX

THE following is an expository list of the PUBLISHED WORKS of ADAM SMITH given by M'Culloch in his edition of the *Wealth of Nations* :—

1. Two articles in the *Edinburgh Review* for 1755, being
(1) a review of Johnson's *English Dictionary* ; and
(2) *A Letter to the Editors*.
2. *Theory of Moral Sentiments*. The first edition of this work was published in 8vo, early in 1759. The sixth edition was published a short time before the author's death. It contains several additions, most of which were executed during his last illness.
3. *Considerations concerning the first Formation of Languages, and the different Genius of Original and Compounded Languages*.

This essay was originally subjoined to the first edition of the *Moral Sentiments*. It is an ingenious and pretty successful attempt to explain the formation and progress of language, by means of that species of investigation to which Dugald Stewart has given the appropriate name of Theoretical or Conjectural History, and which consists in endeavouring to trace the progress and vicissitudes of any art or science, partly from such historical facts as have

reference to it, and, where facts are wanting, from inferences derived from considering what would be the most natural and probable conduct of mankind under the circumstances supposed.

4. *An Inquiry into the Nature and Causes of the Wealth of Nations.* The first edition was published at London in 1776, in two volumes 4to. The fourth edition, which was the last published by the author, appeared, in three volumes 8vo, in 1786.
5. His posthumous works, or those which he exempted from the general destruction of his manuscripts, and which were published by his friends, Drs. Black and Hutton. These gentlemen, in an advertisement prefixed to the publication, state that, when the papers which Dr. Smith had left in their hands were examined, 'the greater number appeared to be parts of a plan he had once formed for giving a connected history of the liberal sciences and elegant arts.' 'It is long,' they add, 'since he found it necessary to abandon that plan, as far too extensive; and these parts of it lay beside him neglected until his death. The reader will find in them that happy connection, that full and accurate expression, and that clear illustration, which are conspicuous in the rest of his works; and though it is difficult to add much to the great fame he so justly acquired by his other writings, these will be read with satisfaction and pleasure.' 'The papers in question comprise—I. Fragments of a great work 'On the Principles which lead and direct Philosophical Inquiries, illustrated—(1) by the History of Astronomy; (2) by the History of the Ancient Physics; and (3) by the History of the Ancient Logics and Metaphysics.' II. An essay entitled 'Of the Nature of that Imitation which takes place in what are called the Imitative Arts.'

III. A short tract, 'Of the Affinity between certain English and Italian Verses.' IV. A disquisition, 'Of the External Senses.'

Of the historical dissertations, the first only, on the *History of Astronomy*, seems to be nearly complete. They are all written on the plan of the dissertation on the *Formation of Languages*, being partly theoretical and partly founded on fact. In the essay on the *History of Astronomy*, after premising some ingenious speculations with respect to the effects of unexpectedness and surprise, and of wonder and novelty, the author proceeds to give a brief outline of the different astronomical systems, from the earliest ages down to that of Newton.

The fragments that remain of the other two historical essays are much less complete, and do not possess the interest of the latter.

Smith contends, in the essay on the *Imitative Arts*, that the pleasure derived from them depends principally upon the difficulty of the imitation, or, as he has expressed it, 'upon our wonder at seeing an object of one kind represent so well an object of a very different kind, and upon our admiration of the art which surmounts so happily that disparity which nature had established between them.' On this principle he explained the preference so generally given in tragedy to blank verse over prose; and Stewart mentions that, for the same reason, he was inclined to prefer rhyme in tragedy to blank verse, and that he extended the same principle to comedy; and even went so far as to regret that the graphic delineations of real life and manners exhibited on the English stage had not been subjected to the fetters of rhyme, and executed in the manner of the French. But these conclusions were entirely consistent with his general views as to taste in composition. He was a firm adherent of the classical school. The principal tragedies of Corneille, Racine, and Voltaire, the comedies of Molière, and the verses of Boileau, Pope, and

Gray, had, in his estimation, reached the highest degree of excellence.

The short essay, 'Of the Affinity between certain English and Italian Verses,' is curious rather than valuable. It however illustrates the variety of the author's literary pursuits.

The disquisition with respect to the 'External Senses' is of considerable extent; and is a valuable contribution to the science of which it treats.



